ANNUAL REPORT 2022

Saniona AB (PUBL)

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FINANCIAL OVERVIEW 2022 (2021)

REVENUE
SEK 15.3M (SEK 10.5M)

OPERATING EXPENSES
SEK 241.0M (SEK 422.0M)

NET LOSS
SEK -245.4M (SEK -410.9M)

LOSS PER SHARE
SEK -3.93 (SEK -6.59)

DILUTED LOSS PER SHARE
SEK -3.93 (SEK -6.59)

CASH/CASH EQUIVALENTS
SEK 111.7M (SEK 356.9M)

ABOUT SANIONA

Saniona is a clinical-stage biopharmaceutical company focused on the discovery and development of medicines modulating ion channels. Saniona's most advanced candidate, tesofensine, has progressed towards regulatory approval for obesity by Saniona's partner Medix. Saniona is advancing four product candidates including Tesomet™ and three ion channel modulators SAN711, SAN903 and SAN2219. Tesomet™ has progressed to mid-stage clinical trials for rare eating disorders. SAN711 has completed Phase 1 for neuropathic pain conditions. SAN903 is ready for Phase 1 for inflammatory and fibrotic disorders. SAN2219 is in preclinical development for epilepsy. Saniona has research and development partnerships with Boehringer Ingelheim GmbH, Productos Medix, S.A de S.V and Cephagenix ApS. Saniona is based in Copenhagen, and listed on Nasdaq Stockholm Small Cap (OMX: SANION).

Read more at **www.saniona.com**

Significant Events in 2022

• On February 10, Saniona **initiated the Multiple Ascending Dose (MAD) stage** and the Positron Emission Tomography (PET) stage of its Phase 1 trial of SAN711.

• Saniona **received SEK 7.3 million (US$0.8 million) from Novartis** related to Novartis's January 2021 acquisition of Cadent Therapeutics, in which Saniona held a 3% ownership stake. This payment, in addition to the previously received SEK 24.2 million (US$2.9 million), together complete Saniona's portion of the upfront payment connected to the acquisition. Saniona may also receive a portion of the remaining SEK 5.1 billion (US$560 million) in contingent payments associated with the achievement of undisclosed future milestones relative to its previous ownership stake, when and if these milestones are achieved.

• On March 21, Saniona and Boehringer Ingelheim **advanced the ongoing research collaboration into the "hit-to-lead" stage.** The collaboration is focused on a novel, undisclosed CNS ion channel target for schizophrenia. Saniona receives ongoing research funding and may receive up to €76.5 million in milestone payments as well as royalties on worldwide net sales.

• On March 29 Saniona announced a **program reprioritization and restructuring comprising a voluntary close of the Phase 2b clinical trials of Tesomet™** for hypothalamic obesity (HO) and Prader-Willi syndrome (PWS) and a workforce reduction of approximately 30%. The close of the Phase 2b clinical trials was due to funding limitations, and not related to the safety or efficacy of Tesomet.

• On April 25, Saniona closed its U.S. operations and terminated the positions of all U.S. personnel including the U.S. executive management team.

• On April 30, Saniona appointed **Thomas Feldthus as Chief Executive Officer and Anita Milland as Chief Financial Officer.**

• On May 20, Saniona provided update on **ongoing review of tesofensine** in Mexico.

• On May 25, **Jørgen Drejer, Anna Ljung and Carl Johan Sundberg** were at the annual general meeting reelected to the board of directors with Jørgen Drejer as Chairman.

• On June 30, Saniona reported **positive top line results from the SAN711** Phase 1 Clinical Trial demonstrating that SAN711 was safe and well tolerated and that it is possible to obtain exposure levels corresponding to expected desired therapeutic effect at a well-tolerated dose.

• On August 16, **Saniona progressed its Kv7 ion channel epilepsy program into lead optimization phase,** the last drug discovery phase before potential drug candidate selection.

• On September 30, Saniona **extended its runway** and amended the loan agreement with Formue Nord. The loan was extended with 7 months and the maturing date of the loan has been changed from June 30, 2023, to January 31, 2024.

• On November 3, Saniona announced that **SAN903 is ready to start the regulatory process for entering Phase 1 clinical trials**.

• On December 20, Saniona announced that **SAN2219 is selected as the first preclinical development candidate** from its $GABA_A$ α2/α3 activator program.

Significant Events after the Reporting Period

• On January 17, Saniona announced **successful preclinical in vivo validation** for treatment of migraine in the Cephagenix joint venture program.

• On February 25, Saniona announced that its partner Medix **received favorable opinion** from COFEPRIS' technical committee on new molecules about approval of tesofensine for the treatment of obesity and weight management in Mexico.

Continued progress through a volatile 2022

2022 was a very unusual year for the biotech industry, as for Saniona. Challenging global developments and markets have impacted the company and our peers. Nevertheless, Saniona has continued to deliver in these volatile times, even though we found it necessary to close our Tesomet Phase 2b study and U.S. operations.

I was honored to be offered the position as CEO in April 2022. My first short-term goal was to secure a solid financial runway, independent of dilutive funding. The restructuring of the company and the renegotiation of the maturity date for an outstanding loan were important components of saving and optimizing the use of the company's cash position. We have thereby reached our target of reducing operating expenses by about 75% and extending the company's runway by about 18 months. This means that the current cash position is expected to fund the planned activities until the end of January 2024, when the loan becomes payable.

We have refocused our efforts on partnering to secure non-dilutive funding, while building long term value from our leading ion channel platform and pipeline. Saniona is a leader in the discovery of highly specific ion channel modulators. Several members of the company's scientific team have been pioneers in the field for more than 20 years, and we see significant potential in the pipeline and development prospects.

I am pleased to report that apart from Tesomet, we have reached all the set milestones and important inflection points for 2022 on our pipeline programs. The Phase 1 clinical trial of SAN711 was successfully completed, SAN903 is ready to enter clinical development and we advanced the preclinical $GABA_A$ α2/α3 activator and Kv7 ion channel epilepsy programs.

With this solid progress in our pipeline, we see significant potential for multiple value-creating milestones in 2023 including the establishment of partnerships around our programs. This may generate funding for the partnered programs and for internal development programs, while avoiding the need for dilutive financing and dependence on financial markets.

We are exploring partnering opportunities on several of our clinical stage and preclinical assets as well as our platform and have had numerous non-confidential and confidential meetings. Many biopharmaceutical companies have entered our program data rooms and we are engaged in constructive discussions about deal structure and financial terms with several potential partners, some of whom are interested in the same program. As a result of these concrete discussions, our current objective is to establish at least two new partnerships this year, with the aim of concluding at least one by the end of H1.

Our short-term objectives from our partnering efforts are to further solidify our balance sheet and finance our internal development programs, thereby enabling us to deliver new valuable breakthrough medicine from our advanced programs in the longer term. We have developed plans for our clinical stage assets and initiated activities to ensure that these programs can be advanced as quickly as possible, as and when we have the resources to develop them internally.

Saniona has a broad pipeline of products, a highly motivated and professional team and significant experience with partnering. I am confident that our business development efforts will enable us to move our pipeline forwards, both with external partners and internally, and provide the foundation for delivering valuable new breakthrough medicines.

I am proud of what our team has accomplished, and the progress made following the restructuring in 2022. I'm also grateful for the support of our shareholders. We look forward to keeping you updated on our exciting journey in the coming year.

CEO, Thomas Feldthus

PIPELINE

Product Candidate	Indication	Pre-clinical	Phase 1	Phase 2a	Phase 2b	Phase 3	Registra-tion	Status
Tesofensine	Obesity							• Filed for registration for obesity in Mexico, by partner Medix
Tesomet *(tesofensine + metoprolol)*	Prader-Willi and Hypothalamic Obesity							• Positioned for partnering
SAN711 *(GABA α3 PAM)*	Neuropathic pain and epilepsy							• Positive Phase 1 data reported
SAN903 *(IK channel blocker)*	Fibrotic and inflammatory disorders							• Phase 1 ready
SAN2219 *(GABA α2/3/5 PAM)*	Epilepsy							• Entered into Preclinical Development

TESOFENSINE

Saniona's partner Medix has completed a successful Phase 3 study and submitted a new drug application to the Mexican food and drug administration, COFEPRIS, for approval of tesofensine for the treatment of patients with obesity. In February 2023 COFEPRIS' technical committee expressed a favorable opinion on tesofensine for treatment of obesity. This non-binding technical opinion is issued as one of the steps in the process of reviewing new molecules. Medix holds an exclusive license to commercialize tesofensine in Mexico and Argentina, while Saniona is entitled to milestone payments and royalties on product sales. Saniona retains commercial rights in the rest of the world and rights to use any data generated from the Phase 3 trial.

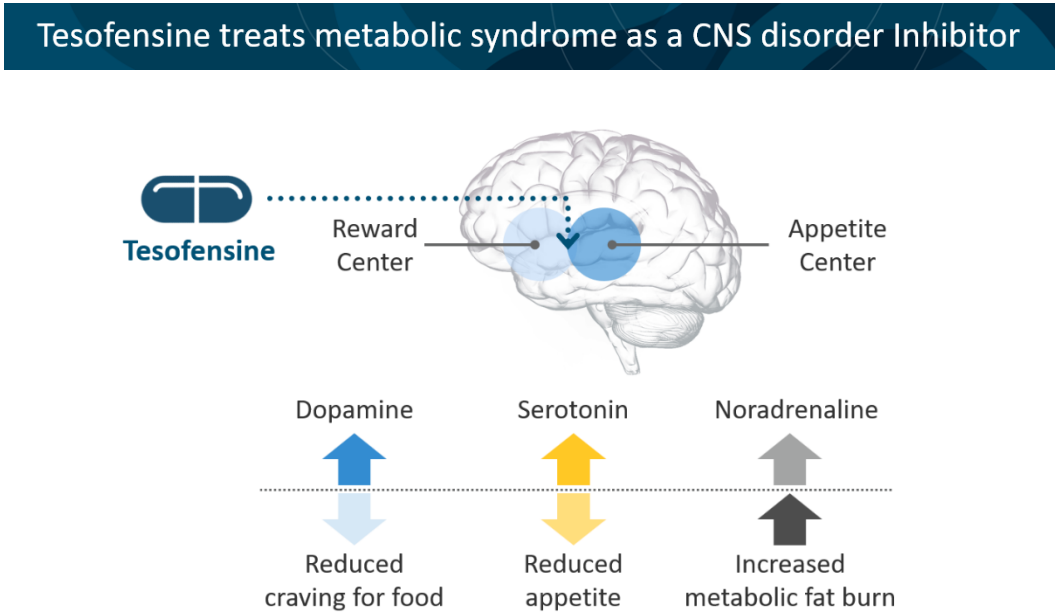
TESOMET™

Tesomet is a novel, potentially first-in-class, once-daily oral investigational therapy for the treatment of hypothalamic obesity (HO) and Prader-Willi syndrome (PWS). The Company is actively exploring partnership options, including worldwide partnerships, that could generate immediate non-dilutive income and enable Tesomet to move forward. Saniona has in parallel explored an alternative development plan for Tesomet in hypothalamic obesity, which potentially could be financed by Saniona. This work requires further analysis and interactions with regulators and will not be finalized before additional financing has been secured.

Tesomet is a fixed-dose combination of two active ingredients: tesofensine and metoprolol. Tesofensine is a monoamine reuptake inhibitor that modulates brain activity by increasing the levels of three neurotransmitters – dopamine, serotonin and noradrenaline – which are each intimately involved in regulating appetite, food-seeking behavior and metabolism. Metoprolol is a cardio-selective β1 receptor blocker historically used to treat a number of cardiovascular conditions and which has been approved for use in the United States since 1978.

Following discussions with the FDA on the proposed regulatory path for Tesomet in HO and PWS, the FDA confirmed that Tesomet may be advanced via the 505(b)(2) pathway for the treatment of HO and PWS. The FDA has granted orphan drug designation to Tesomet for the treatment of HO and PWS, respectively.

Saniona sees significant value in Tesomet. Saniona believes that the initial Phase 2 data support further development of Tesomet in both indications. Financial analysts have estimated annual peak sales for Tesomet between USD 850M - 1B+ (SEK 8B – 9.5B) (Saniona does not endorse or validate sales estimates provided by third parties).



HYPOTHALAMIC OBESITY (HO)

HO is a rare neuroendocrine disorder most commonly caused by damage to the hypothalamus sustained during the removal of a craniopharyngioma (CP), a rare, non cancerous central nervous system tumor. The number of patients with HO is estimated to be as high as 25,000 in the United States and 40,000 in Europe. Currently, there are no FDA-approved treatments for HO and there is no cure for this disorder.

Saniona has completed a Phase 2 clinical trial of Tesomet for the treatment of HO. This trial was a single-center, 24-week, randomized, double-blind, placebo-controlled trial with an optional 24-week Open Label Extension (OLE). A total of 21 adult patients, 13 of whom were randomized to Tesomet and eight to placebo, were included within the protocol-specified modified intent-to-treat analysis pertaining to the double-blind period. The primary endpoint of the study was to establish the overall safety and tolerability of Tesomet in patients with HO, which was achieved. Several secondary endpoints relating to efficacy were also achieved. Double-blind treatment with Tesomet for 24 weeks resulted in statistically significant placebo-adjusted weight loss of 6.28% ($p<0.0169$) and a mean reduction in waist circumference of 5.68 cm or 5.00%. In the 24-week OLE, Tesomet continued to demonstrate persistent improvements in body weight and waist circumference.

PRADER-WILLI SYNDROME (PWS)

PWS is a rare, genetic, complex, multisystem disorder that is the most common genetic cause of childhood obesity globally. The number of patients with PWS is estimated to be as high as 34,000 in the United States and 50,000 in Europe. The only FDA-approved treatment currently available for PWS is growth hormone therapy; however growth hormone therapy does not reduce the hyperphagia symptoms experienced by these patients.

Saniona has completed a Phase 2 clinical trial of Tesomet for the treatment of PWS. This trial was a two-center, randomized, double-blind, placebo-controlled trial. Nine adults and nine adolescents were treated daily with Tesomet or placebo for three months for the double-blind portion of the trial, with two open-label three-month extensions, referred to as OLE1 and OLE2, for adolescent patients. The primary endpoint was change in body weight; secondary objectives included hyperphagia, body composition, lipids and other metabolic parameters. The adult patients receiving Tesomet achieved a 5.4% reduction in body weight, which is notable in the small patient population, and a statistically significant 8.1 point reduction in hyperphagia as measured by the Hyperphagia Questionnaire for Clinical Trials (HQ-CT), a caregiver questionnaire that is the generally accepted standard for evaluating hyperphagia in patients with PWS. In adolescents, upon the dose increase of Tesomet from 0.125 mg to 0.25 mg during the OLE2 portion of the trial, Tesomet-treated patients experienced a decrease in body weight and a further reduction in hyperphagia as measured by the HQ-CT questionnaire.

SAN711

SAN711 is a novel first-in-class selective positive allosteric modulator (PAM) of $GABA_A$ α3 receptors positioned for the treatment of neuropathic pain and epilepsy. SAN711 has successfully completed a Phase 1 clinical trial in healthy volunteers, and the results from this trial open the path for continued clinical development of SAN711.

GABA is a neurotransmitter, or chemical messenger, that inhibits signals between nerve cells in the brain. It is believed that a dysfunction or reduction of GABA signaling in the spinal cord is associated with aberrant pain signaling to the brain and consequently perception of pain. SAN711 is specifically designed to enhance the effect of GABA, the brain's own inhibitory neurotransmitter, at α3 containing receptors in the spinal cord. This is believed to restore spinal inhibitory tone and prevent abnormal pain signaling to the brain.

$GABA_A$ is the target of the non-selective and highly effective medicines belonging to the chemical group referred to as "benzodiazepines". Unlike benzodiazepines, SAN711 does not have an impact on $GABA_A$ α1 and α5 subunits, thus being devoid of the sedation, motor instability, abuse liability, and memory impairing effects that limit the use and tolerability of benzodiazepines.

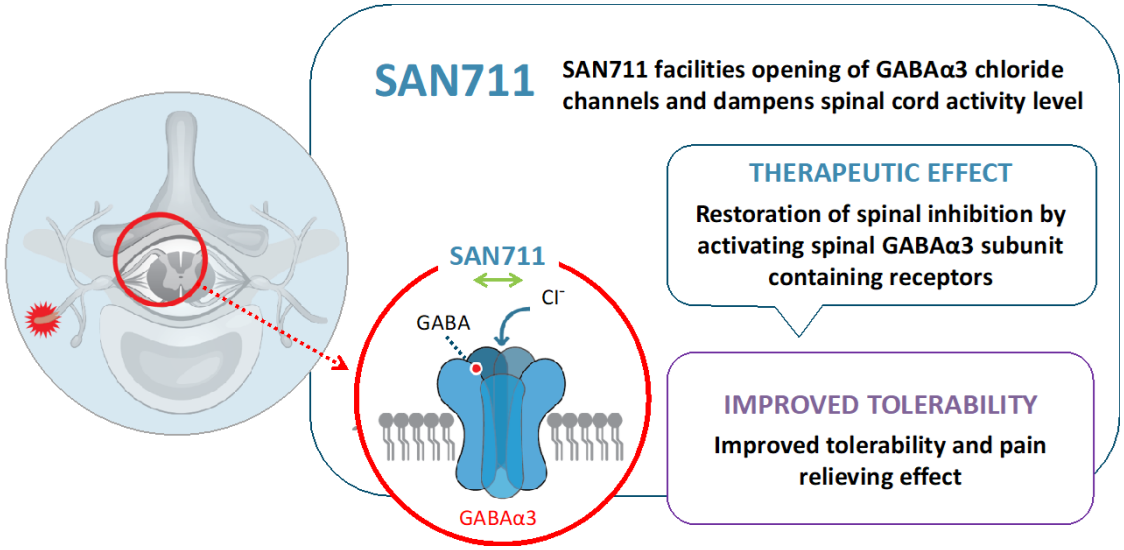
Preclinical assessments in in vitro and in vivo models, conducted in the labs of Saniona have confirmed that because SAN711 only activates α3 $GABA_A$ receptors, this selectivity may allow SAN711 to provide pain relief and other benefits in the central nervous system while avoiding the typical adverse effects associated with non-selective $GABA_A$ activation mentioned above.

Saniona has recently successfully completed a Phase 1 clinical trial. The study was a randomized, placebo-controlled Phase 1 clinical trial in 66 healthy male and female volunteers. The primary objective of the study was to determine the safety and tolerability of SAN711, which was evaluated through single ascending dose and multiple ascending dose phases of the study. The secondary objective was to measure binding to target receptors, which was assessed during a positron emission tomography (PET) evaluation phase of the study.

SAN711 was safe and well tolerated across all dosing cohorts, confirming the improved tolerability of the unique subtype selective profile. There were no dose-limiting adverse effects or serious adverse events, and all subjects completed the study. There were no safety laboratory concerns or cardiovascular concerns. Further, there were no abnormal neurological examinations and no evidence of emergent cognitive deficits as assessed by Mini Mental State Examinations. SAN711 had a favorable absorption and distribution profile and the maximum plasma levels of SAN711 resulted in more than 80% occupancy of target receptors. Importantly, the PET results confirmed that a pharmacologically active receptor occupancy may be achieved at well-tolerated doses of SAN711.

Consequently, SAN711 shows clear differentiation in its side effect profile compared to classical, non-selective $GABA_A$ modulators of the benzodiazepine type, which is dose limited by sedation. Importantly, Saniona has in this study demonstrated that it is possible to safely exceed human exposure levels of SAN711 beyond what is needed to show strong efficacy in the preclinical pain models. Further, the PET study results provide a clear guidance for the design of the Phase 2 studies with 0.8 mg/kg twice daily projected to be an effective and well tolerated dose. More information is available at www.clinicaltrials.gov.

The preclinical data package indicates substantial potential value for SAN711 in neuropathic pain and/or in various types of epilepsies including absence seizures and rare epileptic syndromes such as pediatric patients living with ESES (electrical status epilepticus during sleep). Saniona is currently developing clinical plans within rare- as well as more common therapeutic areas to carry out either by Saniona alone or together with a partner.



SAN903

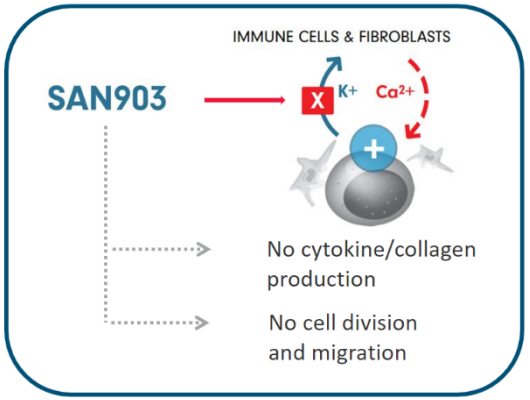
SAN903 has successfully completed preclinical development in 2022 and we intend to start the regulatory process for entering Phase 1 clinical trials in 2023 either by Saniona alone or together with a partner. The primary indication for SAN903 is inflammatory bowel diseases (IBD) and we see a potential of SAN903 as a medicine with independent actions on intestinal inflammation and fibrosis.

SAN903 is a novel, potential first-in-class medicine based on inhibition of the calcium-activated potassium ion channel, KCa3.1.

This ion channel is found on several types of immune cells, where it participates in the control of the cellular pathways that maintain pathogenic activation and inflammation in chronic diseases. The KCa3.1 channel is also expressed on fibroblasts, especially on myofibroblasts, where it supports the overproduction of connective tissue that can lead to fibrosis. Prevention of fibrotic complications is an aspect of the disease, which is poorly treated by current standard-of-care IBD medicines, and progressed fibrosis often requires surgical intervention to resolve potentially life-threatening gut obstructions. SAN903 dampens inflammation and fibrosis by preventing cell division and cell migration of activated immune cells and fibroblast and by impeding cytokine release and collagen secretion of the respective cell types.

In immune cells and fibroblasts:

- **SAN903** inhibition of the $K_{Ca}3.1$ potassium channel leads to reduced calcium influx
- **SAN903** inhibits inflammation and fibrosis
  - Effectively dampens cell division and migration
  - Reduces cytokine and collagen production



SAN2219

SAN2219 is a subtype selective activator of $GABA_A$ α2/α3/α5 receptors specifically designed to exert robust anti-seizure activity by dampening excessive neuronal activation. The program has been advanced to preclinical development and hence represents the first preclinical development candidate from Saniona´s $GABA_A$ α2/α3 activator program.

GABA is a neurotransmitter that inhibits signals between nerve cells in the brain. Most forms of epilepsy are caused by an over-excitability in specific neural circuits. By inhibiting the over-excitability in epilepsy, benzodiazepines have proven to be among the most effective treatment principles for control of seizure activity. Benzodiazepines are non-selective $GABA_A$ modulators that broadly activate $GABA_A$ receptors including the $GABA_A$ α1 receptor subtype. Benzodiazepines are often used as rescue medicine in acute epilepsy, and their long-term use is often hampered by the development of tolerance to seizure control, withdrawal symptoms, and adverse events, such as cognitive impairment and sedation.

...if just it was possible to produce a molecule with the antiepileptic strength of a benzodiazepine, but to avoid the dose-limiting adverse effects...

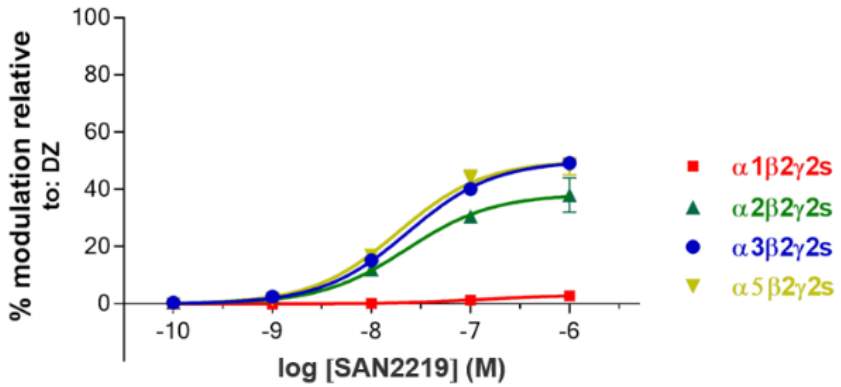
The use of Benzodiazepines are limited by adverse effects that are not dose separated from beneficial effects and are preventing clinical exploration of receptor occupancy surpassing approx. 20 %.

Benzodiazepines are used acutely in epilepsy but not indicated for chronic use due to sedation and tolerance development

Activity at the α1 subunit is a major contributor to sedation, motor instability, anterograde amnesia, abuse liability and physical dependence

SAN2219 has the potential to be used chronically by minimizing tolerance, sedation, motoric instability, abuse and cognitive impairment and to be tolerated in high receptor occupancies.

SAN2219 preferentially activates GABA α2 and α3 receptors with no modulatory affects on α1 subtypes



PARTNERSHIPS AND SPINOUTS

Leveraging our expertise in the field of ion channel drug discovery, our proprietary focused compound library and robust database (IONBASE), we are continuously advancing our research programs to identify and advance additional selective ion channel clinical candidates in a range of therapeutic areas, including rare genetic and neurological disorders. Our industry-leading research has formed the basis of many successful spinouts, partnerships, and licensing agreements with pharmaceutical companies internationally, such as Boehringer Ingelheim, Pfizer, Johnson & Johnson, Proximagen, Ataxion Therapeutics (later known as Cadent Therapeutics, acquired by Novartis AG), Cephagenix, Initiator Pharma, Scandion Oncology and Medix.

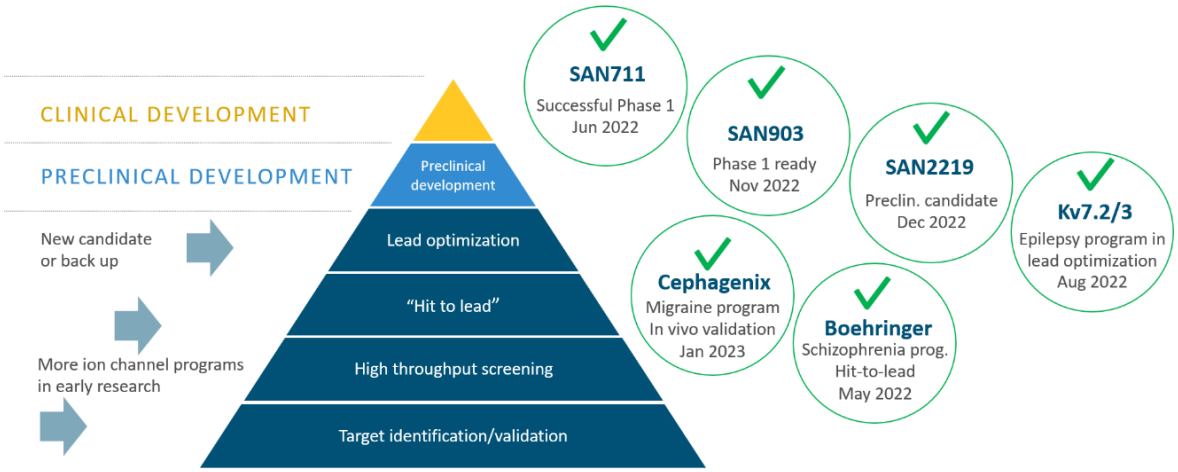
Our earlier stage discovery and development efforts are focused on the validated drug class of ion channels, which have been implicated in the pathophysiology of many disease settings and include many successful drugs such as Norvasc (amlodipine), Xylocaine (lidocaine) and Valium (diazepam). Our ion channel drug discovery engine combines in-house expertise in chemistry, precision biology, in vivo stability/distribution, target engagement, in vivo pharmacology, and artificial intelligence to accelerate the discovery of highly selective, subtype-specific, and state-dependent ion channel modulators.

The core of this engine is Saniona's proprietary IONBASE database, which contains structure-activity data for more than 130,000 compounds. Of these, more than 20,000 are our proprietary compounds, generated over 20 years and enriched for properties conferring optimal ion channel modulation.

As a result of our ion channel drug discovery engine, we have generated a robust pipeline of orally available, potent, highly selective and differentiated ion channel modulators, including SAN711, SAN903 and SAN2219. We anticipate that this robust discovery engine will continue to generate multiple new drug candidates to add to the Saniona pipeline.

R&D Ion Channel Pipeline

Saniona Drug Discovery Engine Generates Continual Pipeline
All 2022/2023 ion channel milestones achieved



Saniona is listed at Nasdaq Stockholm main market. Saniona's share is traded under the ticker SANION and the ISIN code SE0005794617.

Share price performance and turnover

The market price of Saniona's share was SEK 3.07 at the end of 2022, representing a decrease of 65% from the end of 2021. The highest price paid during the year was SEK 9.6 on January 2, and the lowest price was SEK 1.57 on April 7. The average daily trading volume was 757,607 in 2022, compared to 230,841 in 2021, and the average daily trading value was SEK 2,747,983 in 2022, compared to SEK 4,158,045 in 2021.

Market capitalization was 191 MSEK at the end of 2022, compared to 552 MSEK at the end of 2021.

Share Capital

On December 31, 2022, the number of share outstanding was 62,385,677 (compared to 62,385,677). All shares have equal entitlement to dividends and each share has equal voting rights. Each share has one vote at the Annual General Meeting. At year-end, the share capital was SEK 3,119,284 (3,119,284), equal to a par value per share of SEK 0.05.

In addition to shares, there are options entitling holders to subscription of shares outstanding in the company. Outstanding options are described in note 22.

Shareholders

On December 31, 2022, Saniona had 10,145 (9,289) shareholders, excluding holdings in life insurance and foreign custody account holders. The shareholders are presented at they are reported by Modular Finance AB, which compiles and processes data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen). The list may not show shareholders whose shares have been registered in the name of a nominee, through trust of bank and similar.

LARGEST SHAREHOLDERS AS OF DECEMBER 31, 2022

Shareholder	Number of shares	Ownership and votes
Avanza Pension	4,177,934	6.70 %
Nordnet Pension Insurance	2,463,004	3.95 %
Jørgen Drejer	2,364,711	3.79 %
Third Swedish National Pension Fund	1,886,792	3.02 %
Dan Peters	1,400,000	2.24 %
Hans Christian Thorn	1,000,000	1.60 %
Joakim Tedroff	1,000,000	1.60 %
Thomas Feldthus	965,000	1.55 %
Nordea Life & Pension	860,325	1.38 %
Leif Andersson Consulting ApS	793,725	1.27 %
Other shareholders (10,135)	45,474,186	72.90 %
Total	**62,385,677**	**100.00 %**

FIVE-YEAR SUMMARY

Income statement, KSEK	2022	2021	2020	2019	2018**
Revenue	15,283	10,478	8,198	7,201	54,884
Operating expenses	-241,002	-422,048	-167,573	-100,829	-109,089
Operating loss	-225,719	-411,570	-159,375	-93,628	-54,206
Total financial items	-26,248	-6,810	78,159	17,164	5,913
Loss before tax	-251,967	-418,380	-81,216	-76,464	-48,292
Tax on net loss	6,610	7,482	7,786	7,713	7,233
Loss for the year	**-245,357**	**-410,898**	**-73,430**	**-68,751**	**-41,059**

Balance sheet, KSEK	2022	2021	2020	2019	2018**
Intangible and tangible assets	22,438	27,941	34,196	11,095	1,841
Financial assets	3,114	20,793	61,660	30,455	10,504
Other non-current assets	799	670	513	366	62
Current receivables	15,638	33,989	21,946	12,644	15,990
Cash and cash equivalents	111,707	356,855	573,866	40,248	54,678
Total assets	**153,696**	**440,248**	**692,181**	**94,808**	**83,075**
Equity	52,708	281,999	603,458	53,884	39,457
Non-current and current liabilities	100,988	158,249	88,723	40,924	43,617
Total equity and liabilities	**153,696**	**440,248**	**692,181**	**94,808**	**83,075**

Cash flow, KSEK	2022	2021	2020	2019	2018**
Cash flow from operating activities	-281,537	-345,038	-174,280	-98,591	-22,920
Cash flow from investing activities	6,843	43,162	99,512	-749	914
Cash flow from financing activities	-20,521	50,596	621,180	76,728	46,745
Cash flow for the year	**-295,215**	**-251,280**	**546,412**	**-22,621**	**24,738**

ALTERNATIVE PERFORMANCE MEASURES

Key figures, %		2022	2021	2020	2019	2018**
Operating margin	*	Negative	Negative	Negative	Negative	Negative
Liquidity ratio	*	556%	599%	846%	136%	162%
Equity ratio	*	34%	64%	87%	57%	47%

Share data, SEK		2022	2021	2020	2019	2018**
Earnings per share		-3.93	-6.59	-1.79	-2.67	-1.84
Diluted earnings per share		-3.93	-6.59	-1.79	-2.67	-1.84
Equity per share	*	0.84	4.52	9.68	1.90	1.69
Dividend		0.00	0.00	0.00	0.00	0.00
Cash flow per share	*	-4.73	-4.03	13.79	-0.87	1.11

Share data, #	2022	2021	2020	2019	2018**
Average shares outstanding	62,385,677	62,381,454	40,999,066	25,719,586	22,288,524
Diluted average shares outstanding	62,385,677	62,381,501	41,919,662	25,732,676	22,314,283
Shares outstanding at the end of the period	62,385,677	62,385,677	62,372,831	28,412,519	23,324,413

* = Alternative performance measures
** In 2020, Saniona has conducted a company-initiated restatement of prior period financial statements. The financial information for 2018 has not been restated.

FIVE-YEAR SUMMARY

Saniona presents certain financial measures in the annual report that are not defined according to International Financial Reporting Standards (IFRS), so called alternative performance measures. These have been noted with an "*" in the tables above. The company believes that these measures provide valuable supplementary information for investors and company management as they enable an assessment of relevant trends of the company's performance. These financial measures should not be regarded as substitutes for measures defined per IFRS. Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies.

Key figure	Definition	Relevance
Operating profit/loss	Profit/loss before financial items and tax.	The operating profit/loss is used to measure the profit/loss generated by the operating activities.
Operating margin	Operating profit/loss as a proportion of revenue.	The operating margin shows the proportion of revenue that remains as profit before financial items and taxes and has been included to allow investors to get an impression of the company's profitability.
Liquidity ratio	Current assets divided by current liabilities.	Liquidity ratio has been included to show the Company's short-term payment ability.
Equity ratio	Shareholders' equity as a proportion of total assets.	The equity ratio shows the proportion of total assets covered by equity and provides an indication of the company's financial stability and ability to survive in the long term.
Equity per share	Equity divided by the shares outstanding at the end of the period.	Equity per share has been included to provide investors with information about the equity reported in the balance sheet as represented by one share.
Cash flow per share	Cash flow for the period divided by the average shares outstanding for the period.	Cash flow per share has been included to provide investors with information about the cash flow represented by one share during the period.

DERIVATION OF ALTERNATIVE PERFORMANCE MEASURES

	2022	2021	2020	2019	2018**
Operating loss, KSEK	-225,719	-411,570	-159,375	-93,627	-54,206
Revenue, KSEK	15,283	10,478	8,198	7,201	54,884
Operating margin, %	**(1,477) %**	**(2,546) %**	**(1,944) %**	**(1,300) %**	**(99) %**
Cash flow for the year, KSEK	-295,215	-251,280	565,422	-22,491	24,738
Average number of shares outstanding	62,385,677	62,381,454	40,999,066	25,719,586	22,288,524
Cash flow per share, SEK	**-4.73**	**-4.03**	**13.79**	**-0.87**	**1.11**

	2022	2021	2020	2019	2018**
Current assets, KSEK	127,345	390,844	595,812	52,892	70,668
Current liabilities, KSEK	22,897	65,277	70,416	38,777	43,617
Liquidity ratio, %	**556 %**	**599 %**	**846 %**	**136 %**	**162 %**
Equity, KSEK	52,708	281,999	603,458	53,884	39,457
Total equity and liabilities, KSEK	153,696	440,248	692,181	94,808	83,075
Equity ratio, %	**34 %**	**64 %**	**87 %**	**57 %**	**47 %**
Equity, KSEK	52,708	281,999	603,458	53,884	39,457
Shares outstanding at the end of the period	62,385,677	62,385,677	62,372,831	28,412,519	23,324,413
Equity per share, SEK	**0.84**	**4.52**	**9.68**	**1.90**	**1.69**

* In 2020, Saniona has conducted a company-initiated restatement of prior period financial statements. The financial information for 2018 has not been restated.

All business operations involve risk. Managed risk-taking is necessary to maintain operations, and Saniona has an integrated process for risk management to ensure that risks and uncertainties are identified, assessed and managed at the earliest stage possible. Risk may be due to events in the external environment and may affect a certain industry or market. Risk may also be company specific.

Saniona is exposed to various kinds of risks that may impact the Group's results and financial position. The risks can be divided into operational risks, market risks and financial risks. The main risks and uncertainties which Saniona is exposed to are related to pharmaceutical development, capital requirements, collaboration agreements, intellectual property, regulatory requirements, product liability, and competition.

The risks presented below could have a material negative impact on Saniona's operations, earnings and financial position.

Risk related to the industry and operations

Pharmaceutical development
All of the Company's programs require continued research and development and are thus subject to customary risks related to drug development, such as product development being delayed and costs being higher than expected or that the product candidates at some stage of the development prove not to be sufficiently effective or secure. The level of risk in drug development is generally high and a setback in an individual project could result in significant delays and materially harm the Company's business. The Company's near-term prospects, including its ability to fund its operations and generate revenue, will depend substantially on the successful development and commercialization of its product candidates.

Clinical trials
The Company or its partners must conduct preclinical and clinical trials to document and demonstrate that a product candidate has a significant treatment effect and an acceptable safety profile before a product candidate can be launched on the market. The clinical processes are usually extensive, costly and time- consuming, and the outcome is inherently uncertain. It is also difficult to accurately predict the costs associated with clinical trials. Furthermore, the Company is dependent on its ability to locate and enroll a sufficient number of eligible patients to participate in its clinical trials. Patient enrolment is a significant factor in the timing of clinical trials and may be affected by, among other things, the size and nature of the patient population, the severity of the disease under investigation and competing clinical trials. Enrolment delays may result in additional development costs and the Company may not be able to maintain participation in its clinical trials throughout the treatment.

Future commercialization
The Company is, inter alia, entitled to royalties for successfully developed and marketed products as well as milestone payments under several collaborative partnerships. Thus, the Company is largely dependent on future commercialization to generate revenue. The Company has never commercialized an approved product before and may lack the necessary expertise, personnel or resources to successfully commercialize its products on its own or together with its partners. The degree of sales depends on several factors such as the product characteristics, competing products, distribution opportunities, marketing, market acceptance, price and availability. The Company's product candidates may be subject to unfavorable pricing regulations and reimbursement policies, which could adversely affect the Company's business. Furthermore, the potential market opportunities for the Company's current or future product candidates are difficult to estimate and will depend on the ability of relevant experts to diagnose and identify the patients, as well as the success of competing therapies. Failure to achieve commercial success for one or several products may adversely affect the Company's ability to generate revenue and become profitable in the future.

Dependency on partnerships
The Company is and expects to be, dependent on current and future license, collaboration and other agreements with experienced partners relating to the development of its existing and future product candidates and to the successful commercialization thereof. If the Company fails to enter into collaborations on favorable terms or at all, or if the Company does not provide such partners with suitable product candidates for development and/or commercialization, the Company's ability to develop other pipeline candidates will be adversely impacted. Furthermore, collaborations may mean that the development and commercialization of the Company's product candidates is placed outside the Company's control and that the Company may be required to relinquish important rights.

Collaborations with third parties and suppliers
The Company currently relies, and for the foreseeable future will continue to rely, in substantial part on certain independent organizations, advisors and consultants to provide certain services, including substantially all aspects of regulatory approval, clinical trial management and manufacturing. If current or future external parties do not meet their commitments, deadlines or the quality requirements set by the Company, as well as regulatory requirements, or choose to terminate their partnerships with the Company, this may delay or hamper the development of the Company's programs. The Company may lack the financial resources required to continue the project on its own or fail to enter into collaborations with a new partner for the project's continued operations. Furthermore, any disagreements with collaborators might cause delays or termination of the research, development or commercialization of the Company's product candidates.

IT systems and infrastructure
The Company relies on well-functioning IT systems that the Company or any of its third-party providers operate to process, transmit and store electronic information in its day-to-day operations. Should the Company be subject to a cyberattack it could result in the theft or destruction of intellectual property, data, or other misappropriation of assets, or otherwise compromise the Company's confidential or proprietary information and disrupt its operations. Faults, interruptions or breaches in the Company's IT security, including possible errors in back-up systems or faults in handling the security of the Company's confidential information, could also harm the Company's reputation, business relationships and trust, which may result in loss of business partners, increased scrutiny by supervisory authorities and a greater risk of legal action and financial liability.

Key personnel and employees
Saniona's key individuals and employees have high competence and long experience in the Company's business area. Despite certain notice requirements, key individuals can terminate their employment with minimal notice, which means that the Company may need to replace key individuals with short notice. If one or more key persons or employees terminate their employment with the Company or if the Company fails to recruit new persons with relevant knowledge and expertise, it may delay and/or hamper the development of the Company's programs and its operations.

Regulatory approvals
The Company needs to obtain, maintain and comply with regulatory approvals and other requirements or approvals from relevant authorities for the development and potential commercialization of its product candidates. Saniona's partner Medix has submitted a new drug application in Mexico for tesofensine in obesity. The regulatory approval processes are expensive, time-consuming and inherently unpredictable as to their outcome, meaning there is a risk that tesofensine will not be approved by Federal Committee for Protection from Sanitary Risks (Comisión Federal para la Protección contra Riesgos Sanitarios) or "COFEPRIS"). Furthermore, obtaining and maintaining regulatory approval of the Company's product candidates in one jurisdiction does not guarantee regulatory approval in any other jurisdiction. The development of the Company's programs may be delayed or prevented if the Company or its partners are not considered to meet the applicable requirements for clinical studies or pharmaceutical manufacturing or if authorities make other assessments than the Company and its partners in evaluating clinical study data. Even after market approval, if obtained, the Company and its partners will be required to comply with regulatory requirements, including regulatory reviews and supervision of marketing and safety reporting requirements, as well as potential changes in existing requirements or the adoption of new requirements or policies.

Compliance and regulatory development
The Company is to a large extent subject to compliance with various laws and regulations, and such regulations may by subject to change over time, such as new legislative initiatives to broaden the availability of healthcare and contain or lower healthcare costs. There is a risk that the Company fails to comply with laws and regulations because its interpretation of the regulations is incorrect or that the Company has not been able to adapt its business to new laws and regulations. The Cost of compliance may become significant and the Company may lack the resources required for compliance. Furthermore, local laws, regulations and administrative provisions may differ considerably from jurisdiction to jurisdiction and measures that have been taken to comply with laws in one jurisdiction may be insufficient in terms of compliance in another jurisdiction.

Intellectual property and patent protection
The Company's potential success depends on being able to retain and obtain the required patent protection for individual projects, technology and production methods. If the Company does not adequately protect its intellectual property rights, competitors may be able to erode, negate or pre-empt any competitive advantage the Company may have, which could harm its business and ability to achieve profitability. The patent application process is expensive and time-consuming and the Company may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. Even if the Company obtains patent protection, there is a risk that an approved patent will not provide satisfactory commercial protection in the future. Furthermore, the Company may be subject to claims that the Company infringes or otherwise violates patents or other intellectual property rights owned or controlled by third parties.

Product liability
As the Company conducts research and development of pharmaceuticals, the Company faces an inherent risk of product liability exposure related to the testing of its current product candidates or any future product candidates in human clinical trials. Any product liability claims made against Saniona may result in significant obligations for the Company. Regardless of the potential outcome in such a situation, and regardless of whether a product liability claim is well-founded or not, a product liability issue may result in increased costs for the Company in handling the claim and any potential disputes, liability to affected patients, reputational damage, delay or termination of clinical trials, decreased demand for any product candidate, loss of revenue and difficulties in successfully commercializing its product candidates in the future. The Company's insurance coverage may be insufficient to cover any such costs associated with product liability claims.

Market risks

Macroeconomic trends
Macroeconomic changes may affect the Company's earnings capacity, growth opportunities and operating profit. The general demand for pharmaceuticals is affected by various macroeconomic factors and trends,

including inflation, deflation, recession, trade barriers, currency fluctuations and changes in the purchasing power of healthcare payers. An economic downturn in the United States, the EU/ EEA or other relevant markets, or any other uncertainty regarding the economic development and outlook, such as the consequences of the ongoing situation in Ukraine, could for example put pressure on healthcare payers resulting in a lower willingness to pay for pharmaceutical products. A severe or prolonged economic downturn could furthermore result in a reduced ability to raise additional capital when needed on acceptable terms.
The demand for pharmaceutical products is also affected by the political development in relevant markets, which may result in lower reimbursement levels or other significant changes in reimbursement systems. Accordingly, there is a risk that the pricing of the Company's future products may be lower than what the Company anticipates, which could affect the Company's future earnings prospects.

War in Ukraine
The war in Ukraine has not had a material impact on the financial reports, there is the possibility that it could have in the future. We are carefully monitoring the market where we see rising inflation and higher commodity, component and fright costs, as well as higher and greater uncertainty about interest rates.

Competition and technological development
Research and development of new drugs is highly competitive and is characterized by rapid technological development. The Company's competitors may have greater resources than Saniona and its partners, which can give them advantages in, for example, research and development, contacts with regulatory authorities, marketing and product launching. Therefore, there is a risk that competitors will succeed in commercializing products earlier than Saniona and its partners, or that they will develop products that are more effective, have a better side effect profile and are more affordable than Saniona's potential products. Such competing products may limit the Company's ability to commercialize its product candidates and thereby to generate revenue in the future.

Financial risks
Financial risks relate to a potential negative impact on the financial position resulting from changes in the financial risk factors.

Financing needs and capital
Saniona's research and development efforts require significant investments. The Company is thus dependent on its ability to establish partnerships and/or raise capital in the future to finance its planned activities. Possible delays regarding clinical trials or product development, or early terminations of partnerships, may have a negative impact on the cash flow.

There is a risk that the Company will not be able to raise additional capital, retain or obtain additional partnerships or obtain other co-financing on acceptable terms or at all.

This could result in a temporary halt to the Company's development programs or that the Company is forced to run operations at a lower rate than desired, which could adversely affect the Company's operations.

Currency risk
Currency risk is the risk that the fair value of future cash flows may fluctuate because of changes in exchange rates. Exposure to currency risk is primarily sourced from payment flows in foreign currency and from the translation of balance sheet items in foreign currency, as well as upon the translation of foreign subsidiaries' income statements and balance sheets to the Group's reporting currency, which is SEK. The Company's outflows mainly consist of DKK, EUR and USD and to a minor extent SEK while the Company's inflows from the operative operations mainly consist of EUR and USD . As of the publication of this report, the Company does not hedge its transaction exposure.

Tax risks
The tax considerations that the Company makes are based on interpretations of current tax legislation, tax treaties and other tax regulations as well as requirements from relevant tax authorities in U.S., Sweden and Denmark, and other countries where the Company may conduct its business. The tax treatment of the Company is subject to changes in tax laws, regulations and treaties, or, in each case, the interpretation thereof, tax policy initiatives and reforms under consideration and the practices of tax authorities in jurisdictions in which the Company operates, as well as tax policy initiatives and reforms related to the European Commission's state aid investigations and other initiatives. If the Company's interpretation or application of tax legislation, tax treaties or other tax regulations is incorrect, or if applicable tax laws, tax treaties or tax regulations are changed, including with retroactive effect, the Company's past and present tax position may be subject to review by the tax authorities.

BOARD OF DIRECTORS REPORT

The Board of Directors, and Chief Executive Officer, of Saniona AB (publ), corporate identity number 556962-5345, hereby present the Annual Accounts and Consolidated accounts for the financial year January 1, 2022 – December 31, 2022.

The Group comprises the Parent Company Saniona AB and the subsidiaries Saniona A/S, which is located in Glostrup, Denmark, and Saniona Inc., which was located in Waltham, Massachusetts, U.S. The business in the subsidiary Saniona Inc was closed in April 2022, and the entity was closed in December 2022.

The Parent Company is a limited liability company registered and headquartered in the municipality of Malmö in the county of Skåne, Sweden. The address of the head office is Smedeland 26B, DK-2600 Glostrup, Denmark. Saniona is listed at Nasdaq Stockholm Small Cap.

Business Review 2022

Saniona has reached all the set milestones and important inflection points for 2022 on its pipeline programs, except for Tesomet™.

We announced a strategic program reprioritization and restructuring in March, intended to immediately and substantially reduce operating expenses and maximize the utility of current and future cash resources. The Board resolved to implement multiple actions including a voluntary close of the Phase 2b clinical trials of Tesomet for hypothalamic obesity (HO) and Prader-Willi syndrome (PWS), which is entirely due to funding limitations, and not related to the safety or efficacy of Tesomet. We then refocused the company's strategy on ion channel research and development (R&D) and as a result, further streamlined our operations. This included closing our U.S. operations and further reducing the workforce with the objective of a reduction of approximately 70-75% in annual operating expenses.

The strategic review and cost reductions placed Saniona on a more solid financial footing, and we were then able to deliver consistent progress across the other development programs throughout the rest of 2022 and beyond.

We reported the successful completion of our Phase 1 clinical trial of SAN711, opening the path for the continued clinical development of this first-in-class positive allosteric modulator of $GABA_A$ α3 receptors. The study demonstrated that SAN711 was safe and well tolerated and that it was possible to obtain high 24-hour exposure levels corresponding to expected desired therapeutic effect at a well-tolerated dose. As the first company in the world, we now have the ability - either on our own or with a partner - to evaluate this new and highly promising $GABA_A$ α3 concept for effective and tolerable pain management in severely impacted neuropathic patient populations and/or in various types of epilepsies including absence seizures and rare epileptic syndromes such as pediatric patients living with ESES (electrical status epilepticus during slow-wave sleep).

SAN903, a potential first-in-class inhibitor of the calcium-activated potassium ion channel KCa3.1, is now ready to start the regulatory process for entering Phase 1 clinical trials, which we can undertake either on our own or with a partner. SAN903 is positioned for inflammatory bowel disease where it could be the first maintenance drug with independent actions on both acute inflammation and chronic fibrotic complications. This is highly relevant in inflammatory bowel disease as many patients experience repeated episodes of acute inflammation leading to progressed intestinal fibrosis that ultimately requires surgical intervention to resolve potentially life-threatening gut obstructions.

We selected SAN2219 as the first preclinical development candidate from our $GABA_A$ α2/α3 activator program. SAN2219 has demonstrated highly encouraging efficacy in several in vivo seizure models and has the potential to fulfill important unmet medical needs within epilepsy with strong seizure control, high tolerability, and low potential for tachyphylaxis (loss of effect).

We also moved our Kv7 ion channel epilepsy program into lead optimization phase, the last drug discovery phase before potential drug candidate selection. While Kv7 modulation is a clinically proven concept for treatment of epilepsy, no drugs of this class are currently on the market, and we see significant potential for delivering new breakthrough epilepsy treatments in this field. This potential is also illustrated by the increasing numbers of mutations in Kv7.2 and Kv7.3 that are found to be associated with severe inherited forms of epilepsy.

Our ongoing ion channel research collaboration for schizophrenia with Boehringer Ingelheim, which is focused on a novel, undisclosed CNS ion channel target, has advanced to the 'hit-to-lead' stage. Saniona receives ongoing research funding and may receive up to €76.5 million in milestone payments as well as royalties on worldwide net sales.

Promising developments have continued through the early months of 2023. In January, we announced successful preclinical in vivo validation in the Cephagenix joint venture program, which is aimed at identifying subtype-selective ATP-sensitive potassium channel (K_{ATP}) inhibitors for the treatment of migraine. In this program, we have identified the first generation of novel highly selective inhibitors of the specific K_{ATP} channel subtype expressed in the intracranial arteries and demonstrated that these compounds are effective in relevant in vivo animal models.

Finally, in February 2023 the Mexican regulatory authority's technical committee on new molecules gave a favorable opinion on tesofensine for treatment of obesity. This is an important step for our partner Medix towards the approval of tesofensine in Mexico as a new treatment option for obesity and also represents a potential new source of income for Saniona, which is entitled to royalties on product sales in Mexico.

This clinical and preclinical progress is based on a more solid financial foundation. In September 2022, we agreed with Formue Nord A/S to change the terms of

our loan agreement, which had been concluded in June 2021. Saniona repaid SEK 15 million of the loan and the maturity date for the outstanding loan value was changed from June 30, 2023, to January 31, 2024. A 3% commitment fee will be paid to Formue Nord resulting in a loan value of SEK 74.2 million. As a result, Saniona's current cash is expected to fund the planned activities until January 2024, before repayment of the loan, and our positive partnering discussions could result in a further strengthening of our financial position. For more information, see note 2.

Financial Review 2022

Financial position
Cash and cash equivalents amounted to SEK 111.7 million and SEK 356.9 million as of December 31, 2022 and 2021, respectively, the liquidity ratio was 556% and 599%, respectively. As of December 31, 2022 and 2021, approximately 45% and 95%, respectively, of our cash and cash equivalents were held in U.S. dollar. Total assets as of December 31, 2022 and 2021 were SEK 153.7 million and SEK 440.2 million, respectively, the equity ratio was 34% and 64%, respectively, and equity was SEK 52.7 million and SEK 282.0 million, respectively.

Revenue
Revenue increased by SEK 4.8 million from SEK 10.5 million for the full year 2021 to SEK 15.3 million for the full year 2022. The increase was primarily attributable to an increase in annual licenses payments from Medix and increased research activities with Boehringer Ingelheim and Cephagenix.

Operating expenses
In spring 2022, Saniona initiated a two-step process to reduce its annual base cost by closing the Phase 2b clinical trials for Tesomet and by closing its U.S. operations. This has significantly reduced the company's operating expenses during the last three quarters of 2022.

Operating expenses decreased by SEK 181.0 million from SEK 422.0 million for the full year 2021 to SEK 241.0 million for the full year 2022.

Within operating expenses, other external costs decreased by SEK 92.8 million from SEK 239.3 million for the full year 2021 to SEK 146.5 million for the full year 2022. The main components of our external expenses are external research and development expenses, which are primarily attributable to contract research organizations (CROs) and contract manufacturing organizations for our clinical trials. External research and development expenses for the full year 2022 comprised primarily of development costs of Tesomet of SEK 49.9 million, development costs of SAN711 of SEK 35.3 million and pre-clinical development costs of the SAN903 program of SEK 11.2 million and other research costs. For the full year 2021, external expenses comprised primarily of development costs of Tesomet of SEK 121.3 million, preclinical and development costs of SAN711 of SEK 26.7 million and preclinical development costs of the SAN903 program of SEK 7.7 million and other research costs. In April 2022 Saniona closed its operations in U.S. and closed the Phase 2b clinical trials of Tesomet for HO and PWS, therefore external expenses of development costs of Tesomet have decreased.

Total expenses for the close of the U.S. operations were SEK 34.7 million. The expenses include April salaries and provision for severance payments related to the termination of employees of SEK 30.6 million as well as other expenses related to legal services, costs related to ongoing evaluation of a U.S. listing and other costs of SEK 4.1 million. In 2022 all contract costs to external CRO's etc., for the closing of the Phase 2b clinical trials of Tesomet for HO and PWS, are included in *Other external expenses.* The two-step strategic program reprioritization and restructuring that Saniona announced in March and April 2022 had a positive effect on the operating expenses for the full year 2022.

The average number of employees of Saniona decreased by 14.8 from 49.2 for the full year 2021 to 34.4 for the full year 2022, As a result, personnel costs, which includes salaries, variable compensation, social security, and other employee benefits, decreased by SEK 87.3 million from SEK 169.5 million for the full year 2021 to SEK 82.2 million for the full year 2022. Non-cash share-based compensation expense is included in personnel costs and decreased by SEK 65.1 million from an expense of SEK 47.1 million for the full year 2021 to an income of SEK 18.0 million for the full year 2022. The expenses for the forfeited options during 2022 have been reversed with SEK 27.2 million.

Financial items
Net financial decreased by SEK 16.1 million from a gain of SEK 4.4 million for the full year 2021 to a loss of SEK 11.7 million for the full year 2022. Net financial loss for the full year 2022 include a decrease in the fair value of the long-term asset, Cadent of SEK 11.5 million.
Net financial gain for the full year 2021 include a loss of SEK 4.8 million related to the fair value measurement of warrants, a gain of SEK 4.0 million related to the fair value measurement of a contingent consideration receivable, offset by SEK 4.4 million expense to adjust for certain immaterial financial items that were previously recorded to additional paid- in capital.

Tax benefit
The tax benefit on net loss recognized with regard to a Tax Credit Scheme in Denmark decreased by SEK 0.3 million from SEK 7.8 million for the full year 2021 to SEK 7.5 million for the full year 2022 because of exchange rate fluctuations.

Cash flow
Net cash used in operating activities decreased by SEK 63.5 million from SEK 345.0 million for the full year 2021 to SEK 281.5 million for the full year 2022.

The operating cash flow for the full year 2022 is primarily attributable to our operating loss of SEK 235.9 million (net of non-cash operating profit for share-based

payments of SEK 18.0 million and expenses for depreciation of SEK 7.8 million).

The operating cash flow for the full year 2021 is primarily attributable to our operating loss of SEK 355.7 million (net of non-cash operating expenses for share-based payments of SEK 47.2 million and for depreciation of SEK 8.7 million).

Parent Company
In spring 2022, Saniona initiated a two-step process to reduce its annual base cost. This has significantly reduced the company's operating expenses during the last three quarters of 2022.

Operating expenses decreased by SEK 37.2 million from SEK 65.6 million for the year 2021 to SEK 28.4 million for the year 2022.

Net gains (losses) from other financial items decreased by SEK 658.4 million from SEK 658.4 million for the year 2021 to SEK 0 million for the year 2022. Financial items in 2021 include a reduction of value of investment in subsidiary of SEK 678.1 million and a gain of investment in equity instruments of SEK 19.3 million.

The loss for the period decreased by SEK 679.6 million from a loss of SEK 721.9 million for the full year 2021 to a loss of SEK 42.3 million for the full year 2022.

Risks and uncertainties

All business operations involve risk. Managed risk-taking is necessary to maintain operations. Saniona is exposed to various kinds of risks that may impact the company's results and financial position. The main risks and uncertainties which Saniona is exposed to are related to drug development, the company's collaboration agreements, competition, technology development, patents, regulatory requirements, capital requirements, currencies, and the company's ability to continue as a going concern. Risks may also relate to the war in Ukraine, clinical trials, legislation and regulatory approvals, key employees, protection of trade secrets and know-how, and licensing agreements. Regarding additional financial risks, the Board of Directors is ultimately responsible for the exposure, management and monitoring of the group's financial risks. The Board of Directors sets the framework that applies to the exposure, management and monitoring of the financial risks and this framework is evaluated and revised annually. The Board of Directors can decide on temporary departures from its predetermined framework.

For more detailed descriptions see the Risk Factors section within this Annual Report and Note 25 to the Financial Statements within this Annual Report. These risks could have a material negative impact on Saniona's operations, earnings and financial position. For a more detailed description of the risk related to the company's ability to continue as a going concern, refer to Note 2 to the Financial Statements within this Annual Report.

Organization

The average number of employees in the Group during the year amounted to 34.4 (49.2). As of December 31, 2022, Saniona had 23 (53) employees including 10 (14) employees with Ph.D. degrees. Of these employees, 17 (36) were engaged in research and clinical development activities and 6 (17) were engaged in general and administrative activities. Of the 23 (53) employees, 12 (29) were women and 11 (24) were male.

In addition to its employees, Saniona had several consultants who worked with the Group on an ongoing basis during the year.

As a result of the two-step strategic program reprioritization and restructuring that Saniona announced during the spring of 2022, the number of employees decreased significantly in the subsequent period. The majority of the workforce reduction was associated with the closure of the U.S. office.

Guidelines for Remuneration

At the annual general meeting held on May 6, 2020, the following guidelines for remuneration to senior executives were resolved. No changes were resolved at the annual general meetings held on May 26, 2021 and May 25, 2022. The board of directors have proposed for the 2023 annual general meeting updated guidelines for remuneration to senior executives caused by the company's restructuring actions that were carried out during the spring of 2022, which included i.a. work force reductions and closing of its U.S. operations, with the implication that previous provisions of the remuneration guidelines targeted for U.S. employees no longer are applicable or serve any purpose.

Scope and applicability of the guidelines
These guidelines comprise the persons who are part of Saniona AB's ("Saniona") group management, currently the Chief Executive Officer, Chief Financial Officer, Chief Scientific Officer, Chief Development Officer and Executive Vice President, Research. The guidelines also encompass any remuneration to members of the Board of Directors (e.g. consultancy fees), in addition to board remuneration. These guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2020. These guidelines do not apply to any remuneration resolved by the general meeting, such as e.g. board remuneration and share-based incentive programs.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability
Saniona is a clinical-stage biopharmaceutical company focused on the discovery and development of medicines modulating ion channels. For more information about Saniona's current business strategy, see the "About Us" section of this annual report.

A successful implementation of Saniona's business strategy and safeguarding of Saniona's long-term interests, including its sustainability, require that the company is able to recruit and retain highly competent senior executives with a capacity to achieve set goals. In order to achieve this, Saniona must offer a competitive total remuneration on market terms, which these guidelines enable. Long-term share-based incentive programs have been established in Saniona. The share-based incentive programs have been approved by the general meeting and are therefore not covered by these guidelines. Variable cash remuneration covered by these guidelines shall be based on criteria aimed at promoting the company's business strategy and long-term interests, including its sustainability.

Types of remuneration
The remuneration shall be on market terms and be competitive and may consist of the following components: fixed salary, variable cash remuneration, pension benefits and other benefits. For the individual senior executive, the level of remuneration shall be based on factors such as work duties, expertise, position, responsibilities and performances. Additionally, the general meeting may – irrespective of these guidelines – resolve on, e.g. share and share price-related remuneration. For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, considering, to the extent possible, the overall purpose of these guidelines.

Fixed salary
The CEO and other senior executives shall be offered a fixed annual cash salary. The fixed cash salary shall be determined per calendar year with salary revision on an annual basis.

Variable cash remuneration
In addition to fixed salary, the CEO and other senior executives may, according to separate agreements, receive variable cash remuneration. Variable cash remuneration covered by these guidelines is intended to promote Saniona's business strategy and long-term interests, including its sustainability. The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. Any variable cash remuneration may not exceed 50 percent of the fixed annual cash salary. Variable cash remuneration shall not qualify for pension benefits, save as required by mandatory collective bargaining agreements. The variable cash remuneration shall be linked to one or several predetermined and measurable criteria, which can be financial, such as completing a financing of a specified amount by a specified time, or non-financial, such as successful completion of a development activity such as a clinical trial by a specified date. Less than 80 percent of the variable cash remuneration shall depend on non-financial criteria. By linking the goals in a clear and measurable way to the remuneration of the senior executives to Saniona's financial and operational development, they contribute to the implementation of the company's business strategy, long-term interests and sustainability.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated and determined when the measurement period has ended. The Remuneration Committee is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company. The Board of Directors shall have the possibility to, in whole or in part, reclaim variable cash remuneration paid on incorrect grounds. Additional variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are only made on an individual basis, either for the purpose of recruiting or retaining senior executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 100 percent of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee.

Pension benefits
Pension benefits, including a US-based 401(k) Retirement Plan, shall be a defined contribution, insofar as the senior executive is not covered by a defined benefit pension under mandatory collective bargaining agreements. Pension premiums for defined contribution pensions may not exceed standard biotech industry practices in the geography where the benefits are implemented and may in no event amount to a total of more than 15 percent of the fixed annual cash salary.

Other benefits
Other benefits may include life insurance, medical insurance, dental insurance, vision insurance, flexible spending accounts (FSA), Health & Dependent Care, Life and AD&D Insurance, Short- and Long-Term Disability, Voluntary Supplemental Life Insurance and Employee Assistance Program (EAP). Premiums and other costs relating to such benefits may not exceed standard biotech industry practices in the geography where the benefits are implemented and may in no event amount to a total of more than 20 percent of the fixed annual cash salary.

Termination of employment and severance payment
Senior executives shall be employed until further notice or for a specified period of time. Upon termination of an employment by Saniona, the notice period may not exceed 12 months. Fixed cash salary during the notice period and severance pay may not together exceed an amount corresponding to the fixed cash salary for 24 months. Upon termination by the senior executive, the notice period may not exceed six months, without any right to severance pay. In addition to fixed cash salary during the period of notice and severance pay,

additional remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed senior executive is not entitled to severance pay for the period for which the non-compete undertaking applies. The remuneration shall be based on the fixed cash salary at the time of termination of employment and amount to not more than 60 percent of the fixed cash salary at the time of termination of employment, save as otherwise provided by mandatory collective bargaining agreements, and shall be paid during the time as the non-compete undertaking applies, however not for more than 12 months following termination of employment.

Salary and employment conditions for employees
In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of Saniona have been taken into consideration by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the board of directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Consultancy fees to the members of the Board of Directors
To the extent a member of the Board of Directors renders services for the company, in addition to his or her assignment as a member of the Board of Directors, an additional consultancy fee on market terms may be paid to the member of the board of directors, or to a company controlled by such member of the Board of Directors, provided that such services contribute to the implementation of Saniona's business strategy and the safeguarding of Saniona's long-term interests, including its sustainability.

Preparation and decision-making progress
The Board of Directors has established a Remuneration Committee. The Remuneration Committee's duties include preparing the Board of Directors' resolution to propose guidelines for remuneration to senior executives. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines have been adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the senior executives as well as the current remuneration structures and compensation levels in the company. The members of the Remuneration Committee are independent in relation to the company and its senior management. The CEO and other members of the senior management, do not participate in the Board of Directors' processing of and resolutions regarding remuneration- related matters in so far as they are affected by such matters.

Deviation from these guidelines
The Board of Directors may temporarily resolve to deviate from these guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration related matters, which include any resolutions to deviate from these guidelines. During 2022, the company has complied with the applicable remuneration guidelines.

Sustainability and the Environment
Saniona does not have any actual industrial production, so its discharge into the air, soil and water is exceedingly limited. Saniona believes that it follows current environmental laws and regulations, and the Group endeavors to partner with manufacturers and other third parties who do as well.

Saniona conducts its research in Denmark in accordance with the permits issued for the company by the authorities. The company has, for example, a permit for the handling of radioactive materials, a permit for handling gene modified organisms and a permit for conducting animal experiments. Saniona uses small quantities of radioactive trace elements in certain laboratory experiments. This radioactive material is stored and disposed of in compliance with the guidelines and instructions issued by the Danish National Institute of Radiation Hygiene. When new drugs are developed, regulatory authorities require that animal experiments are conducted. These experiments are necessary to evaluate the effect and mode of action of new drugs and to maximize safety for participants in the clinical studies. At Saniona, all animal experiments are conducted with the approval of the Danish Animal Experiments Inspectorate and comply with all regulatory requirements regarding animal studies. Saniona considers the three R's guideline principles (i.e. Replace, Reduce and Refine) for the use of animals in research highly important and conducts studies according to those principles. External contract research organizations are carefully selected when safety experiments are to be made in animals before clinical studies are conducted with the company's drug candidates. Saniona only uses organizations with a good international reputation which comply with all European standards on animal welfare and receive relevant inspections by the authorities.

Saniona considers it highly important to maintain a good working environment and at any time wishes to meet regulatory requirements regarding the way the workplace is designed. This also includes the psychological and physical working environment, including exhaust and air change, ventilation, heating, furniture and in-house safety regulations in general. Saniona is screened from time to time by the Danish Working Environment Authority for compliance with the Danish Working Environment Act. Saniona operates its facilities according to all applicable laws, rules and regulations. Saniona is continuing its efforts to improve

the working environment through an active working environment organization based on workplace assessments (physical, chemical, biological, ergonomic, accident-related and psychological working environment conditions) as well as based on analyses of developments in the number of days lost due to sickness. Saniona believes that a good working environment is very important to employee well-being and thus also to our staff's ability to always perform at best for the company.

Ownership structure share capital and voting rights

As of December 31, 2022, the company had 10,145 (9,289) shareholders excluding holdings in life insurance and foreign custody account holders. The largest shareholder is Avanza Pension with 6.7 percent (5.5) of the share capital and voting rights. The ten largest shareholders jointly accounted for 27.11 percent (48.6) of the share capital and voting rights.

Saniona's share capital totaled SEK 3,119,284 divided between 62,385,677 shares as of December 31, 2022. As of December 31, 2021, Saniona's share capital totaled SEK 3,119,284 divided between 62,385,677 shares. All shares have a quotient value (I.e. par value) of SEK 0.05 and one vote and confer equal entitlement to the Company's assets and profits. Saniona's Articles of Association have no limitations regarding the number of votes each shareholder may cast at the Annual General Meeting.

Authorization for the Board of Directors regarding new issues

At the Annual General Shareholders' Meeting held on May 25, 2022, it was resolved, in accordance with the proposal from the Board of Directors, to authorize the Board, within the limits of the company's Articles of Association, at one or several occasions, during the time up until the next annual shareholders' meeting, with or without deviation from the shareholders' preferential rights, to resolve to issue new shares, warrants and/or convertibles. An issue should be able to be made with or without provisions regarding contribution in kind, set-off or other conditions. In case the authorization is used for an issue with deviation from the shareholders' preferential rights, the subscription price shall be on market terms (subject to customary new issue discount, as applicable). The purpose of the authorization is to be able to source working capital, to be able to execute and finance acquisitions of companies and assets as well as to enable new issues to industrial partners within the framework of partnerships and alliances.

Corporate Governance Report

For additional financial information regarding this section, please see the Corporate Governance Report on pages 77-87 of this Annual Report.

Events after the balance sheet date

- On January 17, 2023: Saniona announced **successful preclinical in vivo validation** for treatment of migraine in the Cephagenix joint venture program.

- On February 25, 2023: Saniona announced that its partner Medix **received favorable opinion** for tesofensine for the treatment of obesity and weight management in Mexico.

FINANCIAL CALENDAR

Interim Report Q1	May 25, 2023 at 8:00 CEST
Annual General Meeting	May 25, 2023 at 10:00 CEST
Interim Report Q2	August 31, 2023 at 8:00 CEST
Interim Report Q3	November 30, 2023 at 8:00 CET
Year-End Report 2023	February 22, 2024 at 8:00 CET

PROPOSED APPROPRIATION OF FUNDS

KSEK	
Share premium reserve	813,261
Profit/loss carried forward	-552,357
Profit/loss for the year	-42,336
Total	218,568

The Board of Directors proposes that the funds at their disposal, KSEK 218,568 be carried forward. The results and position of the Group and the Parent Company in other respects are presented in the following income statements, balance sheets, cash flow statements and statements of equity with related notes and supplementary information, which form an integral part of this annual report. All amounts are stated in SEK 000s unless otherwise indicated.

FINANCIAL STATEMENTS

Consolidated statement of comprehensive income – Group

The Group's consolidated financial statements have been prepared based on the accounting policies described in Note 7 *Significant accounting policies.*

KSEK	Note	2022	2021
	1-8		
Revenue	9	15,283	10,478
Total operating income		15,283	10,478
Raw materials and consumables		-4,475	-4,630
Other external costs	10	-146,486	-239,267
Personnel costs	11	-82,223	-169,478
Depreciation and write-downs	16, 17	-7,818	-8,673
Total operating expenses		-241,002	-422,048
Operating loss		**-225,719**	**-411,570**
Share of result of associate	18	346	—
Financial income	13	9,726	1,922
Financial expenses	13	-24,659	-13,128
Net gains (losses) on other financial items	13	-11,661	4,396
Total financial items		-26,248	6,810
Loss before tax		**-251,967**	**-418,380**
Tax benefit on net loss	14	6,610	7,482
Loss for the year		**-245,357**	**-410,898**
Other comprehensive income (loss) for the period			
Item that may be reclassified to profit and loss			
Translation differences		34,047	32,574
Item that will not be reclassified to profit and loss			
Equity instruments at FVOCI – net change fair value	18	—	5,063
Total other comprehensive income for the year, net after tax		**34,047**	**37,637**
Total comprehensive loss for the year		**-211,310**	**-373,261**
Loss per share, SEK	15	-3.93	-6.59
Diluted Los per share, SEK	15	-3.93	-6.59

The recognized loss and total comprehensive income for 2021 and 2022 are all attributable to the shareholders of the Parent Company, since there is no non-controlling interest in the subsidiaries of the Group

Consolidated statement of financial position – Group

KSEK	Note	2022-12-31	2021-12-31
	1-8		
ASSET			
Intangible assets	16	6,737	6,189
Property and equipment	17	5,703	5,100
Right of use assets	17	9,998	16,652
Investment in associate	18	799	670
Other financial assets	19	3,114	20,793
Non-current assets		**26,351**	**49,404**
Trade receivables		4,628	3,615
Current tax assets	14	8,234	7,564
Other financial assets	19	—	414
Other assets	20	2,776	22,396
Cash and cash equivalents	21	111,707	356,855
Current assets		**127,345**	**390,844**
Total assets		**153,696**	**440,248**

Consolidated statement of financial position – Group

KSEK	Note	2022-12-31	2021-12-31
	1-8		
EQUITY AND LIABILITIES			
Share capital	22	3,119	3,119
Additional paid-in capital		813,261	813,261
Reserves		108,592	74,545
Accumulated deficit		-872,264	-608,926
EQUITY		**52,708**	**281,999**
Other financial liabilities	23	75,699	92,972
Other liabilities	24	2,392	—
Non-current liabilities		78,091	92,972
Trade payables		14,073	29,115
Other financial liabilities	23	5,822	6,799
Other liabilities	24	3,002	29,363
Current liabilities		22,897	65,277
Total liabilities		**100,988**	**158,249**
Total equity and liabilities		**153,696**	**440,248**

Consolidated statement of change in equity – Group

KSEK	Share capital	Additional paid-in capital	Translation reserves	Fair value reserve	Accumulated deficit	Shareholders' equity
January 1, 2021	**3,119**	**808,607**	**-31,558**	**68,466**	**-245,176**	**603,458**
Reclassification of previously recorded net financial items from Additional paid-in capital to Loss for the period	—	4,414	—	—	—	4,414
Comprehensive income						
Loss for the year	—	—	—	—	-410,898	-410,898
Other comprehensive income:						
Fair value reserve	—	—	—	5,063	—	5,063
Translation differences	—	—	32,574	—	—	32,574
Total comprehensive income (loss)	—	—	**32,574**	**5,063**	**-410,898**	**-373,261**
Transactions with owners						
Shares issued for cash	—	321	—	—	—	321
Expenses related to capital increase	—	-81	—	—	—	-81
Share-based compensation expenses	—	—	—	—	47,148	47,148
Total transactions with owners	—	**240**	—	—	**47,148**	**47,388**
December 31, 2021	**3,119**	**813,261**	**1,016**	**73,529**	**-608,926**	**281,999**
January 1, 2022	**3,119**	**813,261**	**1,016**	**73,529**	**-608,926**	**281,999**
Comprehensive income						
Loss for the year	—	—	—	—	-245,357	-245,357
Other comprehensive income:						
Fair value reserve	—	—	—	—	—	—
Translation differences	—	—	34,047	—	—	34,047
Total comprehensive income (loss)	—	—	**34,047**	—	**-245,357**	**-211,310**
Transactions with owners						
Share-based compensation expenses	—	—	—	—	-17,981	-17,981
Total transactions with owners	—	—	—	—	**-17,981**	**-17,981**
December 31, 2022	**3,119**	**813,261**	**35,063**	**73,529**	**-872,264**	**52,708**

Consolidated statement of cash flow – Group

KSEK	Note	2022	2021
	1-8		
Loss before tax		-251,967	-418,380
Adjustments for non-cash transactions	21	-8,799	51,425
Changes in working capital	21	-17,554	24,929
Cash flow from operating activities before financial and tax items		**-278,320**	**-342,026**
Interest income received		593	278
Interest expenses paid		-11,937	-10,777
Tax credit received	14	8,126	7,487
Cash flow from operating activities		**-281,537**	**-345,038**
Investing activities			
Investment in tangible assets		-985	-1,484
Proceeds from sale of financial assets		7,522	44,646
Proceeds from sale of tangible assets		306	—
Cash flow from investing activities		**6,843**	**43,162**
Financing activities			
Proceeds from issuance of loans		—	81,780
Repayment of loan		-15,000	-25,000
Proceeds from issuance of new shares		—	321
Costs related to issuance of new shares		—	-81
Payment of lease liabilities		-5,521	-6,424
Cash flow from financing activities		**-20,521**	**50,596**
Net increase (decrease) in cash and cash equivalents		**-295,215**	**-251,280**
Cash and cash equivalents at beginning of year		**356,855**	**573,866**
Exchange rate adjustments		50,067	34,269
Cash and cash equivalents at end of year		**111,707**	**356,855**

Statement of income – Parent Company

The Parent Company's financial statements have been prepared based on the accounting policies described in Note 7 *Significant accounting policies.*

KSEK	Note	2022	2021
	1-8		
Other operation income		3,418	3,877
Total operating income		3,418	3,877
Raw materials and consumables		-30	-10
Other external costs	10	-10,602	-31,514
Personnel costs	11	-17,728	-34,038
Total operating expenses		-28,360	-65,562
Operating loss		**-24,942**	**-61,685**
Financial income	13	391	5,875
Financial expenses	13	-17,785	-7,642
Net gains (losses) on other financial items	13	—	-658,449
Total financial items		-17 394	-660,216
Profit (loss) after financial items		**-42,336**	**-721,901**
Tax benefit on net loss	14	—	—
Loss for the year		**-42,336**	**-721,901**

Statement of comprehensive income – Parent Company

KSEK	Note	2022	2021
	1-8		
Profit (loss) for the year		-42,336	-721,901
Other comprehensive income for the period			
Item that may be reclassified to profit and loss		—	—
Other comprehensive income for the year		—	—
Total other comprehensive income for the year, net after tax		**0**	**0**
Total comprehensive income for the year		**-42,336**	**-721,901**

Statement of financial position – Parent Company

KSEK	Note	2022-12-31	2021-12-31
	1-8		
ASSETS			
Investment in subsidiaries	26	341,703	359,908
Financial assets		341,703	359,908
Non-current assets		**341,703**	**359,908**
Other assets	20	222	1,541
Current receivables		222	1,541
Cash and cash equivalent	21	2,228	12,106
Current assets		**2,450**	**13,647**
Total assets		**344,153**	**373,555**
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	22	3,119	3,119
Unrestricted equity			
Share premium reserve		813,261	813,261
Retained earnings (accumulated deficit)		-552,357	187,524
Profit (loss) for the period		-42,336	-721,901
Equity		**221,687**	**282,003**
Other financial liabilities	23	70,636	82,973
Non-current liabilities		**70,636**	**82,973**
Trade payables		806	1,935
Payables to group companies		50,790	6,436
Other liabilities	24	234	208
Current liabilities		51,830	8,579
Total liabilities		**122,466**	**91,552**
Total equity and liabilities		**344,153**	**373,555**

Statement of changes in equity – Parent Company

KSEK	Share capital	Additional paid-in capital	Retained earnings	Shareholders' equity
January 1, 2021	**3,119**	**808,607**	**140,376**	**952,102**
Reclassification of previously recorded net financial items from Additional paid-in capital to Loss for the period	—	4,414	—	4,414
Total comprehensive income	—	—	-721,901	-721,901
Transactions with owners				
Shares issued for cash	—	321	—	321
Expenses related to capital increase	—	-81	—	-81
Share-based compensation expenses	—	—	47,148	47,148
December 31, 2021	**3,119**	**813,261**	**-534,377**	**282,003**
January 1, 2022	**3,119**	**813,261**	**-534,377**	**282,003**
Total comprehensive income	—	—	-42,336	-42,336
Transactions with owners				
Share-based compensation expenses	—	—	-17,981	-17,981
December 31, 2022	**3,119**	**813,261**	**-594,694**	**221,687**

Statement of cash flows – Parent Company

KSEK	Note	2022	2021
Profit/loss after financial items		-42,336	-721,901
Adjustments for non-cash transactions	21	1,589	705,518
Changes in working capital	21	55,917	17,514
Cash flow from operating activities before financial items		**15,170**	**1,131**
Interest income received		11	—
Interest expenses paid		-10,059	-4,110
Cash flow from operating activities		**5,122**	**-2,979**
Investing activities			
Proceeds from sale of financial assets		—	21,096
Investment in financial assets	26	—	-108,764
Cash flow from investing activities		**0**	**-87,668**
Financing activities			
Proceeds from issuance of loan		—	81,780
Repayment of loan		-15,000	-25,000
Proceeds from issuance of new shares		—	321
Costs related to issuance of new shares		—	-81
Cash flow from financing activities		**-15,000**	**57,020**
Net increase (decrease) in cash and cash equivalents		**-9,878**	**-33,627**
Cash and cash equivalents at beginning of period		**12,106**	**45,733**
Cash and cash equivalents at end of period		**2,228**	**12,106**

Note 1 General Information

Saniona AB (publ), (the 'Parent Company'), Corporate Registration Number 556962-5345, is a limited liability company registered in the municipality of Malmö in the county of Skåne, Sweden. These consolidated financial statements comprise the Parent Company and its subsidiaries (collectively the 'Group' or 'Saniona'). The Group is a clinical-stage biopharmaceutical company focused on discovering and developing of medicines modulating ion channels. The legal address of the head office and the research facility is Smedeland 26B, DK-2600 Glostrup, Denmark. The Parent Company is listed on Nasdaq Stockholm Small Cap, and its shares are traded under the ticker SANION and the ISIN code SE0005794617.

Note 2 Basis of accounting

A. General

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'). The consolidated financial statements also comply fully with the Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, and IFRS as issued by the International Accounting Standards Board ('IASB').These consolidated financial statements were authorized for issue by the Parent Company's Board of Directors (the 'Board'), on April 28, 2023. The Annual Report 2022 for the Parent Company was approved for publication by decision of the Board on April 28, 2023. The Annual Report will be submitted to the Annual General Meeting ('AGM') for adoption on May 25, 2023.

Details of the Group's significant accounting policies are included in Note 7 *Significant accounting policies*.

B. Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis.

As of December 31, 2022, the Group's current assets exceed current liabilities by SEK 104.5 million. Current assets include cash and cash equivalents of SEK 111.7 million. The current cash position is expected to fund the planned activities until January 31, 2024, when a loan from Formue Nord becomes payable.

The company is pursuing partnering activities with biopharmaceutical companies on its pipeline programs. The management is in advanced discussions with several companies and believes that it will be able to close at least two partnership agreements in 2023. Proceeds received from such new agreements would provide the company with additional liquidity. Furthermore, the company may receive additional liquidity under existing collaboration agreements including milestone payments and royalties in relation to the potential approval and launch of tesofensine in Mexico.

There is a risk that the Company will not be able to retain or obtain additional partnerships, raise additional capital or obtain other co-financing on acceptable terms or at all. This could result in a temporary halt to the Company's development programs or that the Company is forced to run operations at a lower rate than desired, which could adversely affect the Company's operations. Based on the above described factors, the Board has a reasonable expectation that the Group has and will have adequate resources to continue in operation existence during the financial year 2023 as well as the next 12 months from the signing date of Annual Report 2022.

Note 3 Functional and presentation currency

The consolidated financial statements are presented in Swedish kronor ('SEK') which is also the functional currency of the Parent Company. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Note 4 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except in the case of certain financial assets and liabilities, which are measured at fair value at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as value in use in International Accounting Standard ('IAS') 36.

Note 5 Critical accounting judgments and key sources of estimation uncertainty

In preparing these consolidated financial statements, management has made judgements, assumptions, and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

• Going concern: whether there are material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern (refer to Note 2);

• Equity-accounted investees: Determination of whether the Group has considerable influence over an investee (refer to Note 18);

• Revenue recognition: Determination of the performance obligations in agreements with customers, and the nature of licenses (refer to Note 7);

• Financing transactions: Determination of the nature of instruments (debt or equity) issued by the Group and the characteristics of the underlying transactions (refer to Note 23); and

• Leases: Determination of whether it is reasonably certain that the Group will exercise extension options (refer to Note 17).

B. Assumptions and estimation uncertainties

Assumptions and estimation uncertainties on December 31, 2022 that have a significant risk of resulting in a material change to the carrying amounts of assets and liabilities in the next financial year are as follows:

• Accruals for research and/or development projects (e.g. pre-clinical and clinical trials): Estimates regarding the amount of costs that meet the criteria for the recognition of a liability or prepaid (refer to Note 7);

• Measurement of financial assets: Valuation methods and inputs used to estimate the fair value of a receivable for contingent consideration (refer to Note 25);

• Share-based payments: Valuation method and inputs used to estimate the grant date fair value of equity-settled share-based payments (refer to Note 12);

• Measurement of financial liabilities: Valuation methods and inputs used to estimate the fair value of certain financial liabilities (refer to Note 25); and

• Revenue recognition: Assumptions about the likelihood and constraint of future variable consideration from out-licensing or partnership agreements (refer to Note 7).

Note 6 Adoption of new or revised standards

A. Financial reporting standards applied for the first time in 2022

The following amendments to financial reporting standards were applied for the first time in 2022. The amendments had no material impact on the Group's financial position or results of operations:

Amendments to standards/ new standard		Mandatory application
IFRS 3	Amendments to IFRS 3: Business Combinations: Reference to the Conceptual Framework	January 1, 2022
IAS 37	Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract	January 1, 2022
IAS 1	Annual Improvements to IFRS Standards 2018–2020 Cycle	January 1, 2022
IFRS 16	Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022

B. Published financial reporting standards that have not yet been applied

The IASB has issued the following amendments to standards and new standards. Their application was not yet mandatory for the 2022 fiscal year. In some cases, the EU had not yet completed the endorsement process. Therefore, the following standards have not yet been applied by the Group.

Amendments to standards/ new standard		Mandatory application	Anticipated effects	Endorsement by EU
IFRS 17	Insurance Contracts, including amendments to IFRS 17	January 1, 2023	No material effects expected	Yes
IAS 8	Amendments to IAS 1: Classification of Liabilities as Current or Non-current, including Deferral of Effective Date	January 1, 2023	No material effects expected	No
IAS 12	Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	January 1, 2023	No material effects expected	Yes
IAS 1 and IFRS Practice Statement 2	Amendments to IAS 12: Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023	No material effects expected	No
IAS 8	Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies	January 1, 2023	No material effects expected	Yes

Note 7 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

A. Basis of consolidation

i. Subsidiaries
The consolidated financial statements include the Parent Company and entities directly or indirectly controlled by the Parent Company ('subsidiaries'). 'Control' is achieved when the Parent Company is exposed to, or has rights to, variable returns from its involvement with an entity, and has the ability to affect those returns through its power over the entity.

ii. Investments in associates
An 'associate' is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 'Significant influence' is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is recognized initially in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Sales of shares by an associate to third parties in a public or private offering or another transaction result in a dilution of the Group's investment, the Group recognizes gains/losses from dilution through profit or loss.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate.

iii. Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associate. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

B. Foreign currency translation

Transactions denominated in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rate at the dates of the respective transactions. Exchange differences arising between the exchange rate at the transaction date and the exchange rate at the date of actual payment are recognized in the profit or loss under financial income or financial expense.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within total financial items.

The assets and liabilities of foreign operations with functional currencies other than SEK are translated into SEK at the exchange rates at the reporting date. Income and expenses of foreign operations items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in OCI and accumulated in the currency translation reserve.

For the consolidated cash flow statement, cash flows from foreign subsidiaries are translated at average exchange rates for the period.

Foreign exchange adjustment of balances that are considered as part of the overall net investment in subsidiaries with functional currencies other than SEK are recognized in OCI and accumulated in the currency translation reserve.

C. Segment reporting

The Group is organized as a single business unit, focused on discovering, developing, and commercializing innovative treatments for rare disease patients. Consistent with its organizational structure, the Group's Chief Executive Officer ('CEO'), who is also the chief operating decision maker, views and manages the Group's operations and business as a single operating segment. Our intangible and tangible non-current assets are located predominantly in Denmark.

D. Revenue recognition

i. General
The Group generates revenue from out-licensing of intellectual property ('IP') and from providing research and development ('R&D') services. . Out-licensing of IP is either standalone (through license agreements), or in combination with R&D services (through research and collaboration agreements). The Group also provides R&D services on a standalone basis.

For all contracts with customers, the Group (1) identifies the performance obligations in the contract, (2) determines the transaction price, (3) allocates the transaction price to the performance obligations in the contract, and (4) recognizes revenue when or as the Group satisfies a performance obligation.

ii. License agreements and research collaboration agreements
Research and collaboration agreements include promises in addition to the promised license. For such agreements, the Group determines if the license is 'distinct' by assessing whether the customer can benefit from the license on its own or together with other resources that are readily available, and whether the license is separately identifiable from other goods or services in the contract.

If the license is not distinct, then the Group recognizes revenue for the single performance obligation when or as the combined goods or services are transferred to the customer.

If the license is distinct, or for license agreements that do not include promises other than the promised license, the Group determines the nature of the license. If the nature of the promise is to provide the customer with a right to access the Group's IP throughout the license period, then the Group recognizes revenue over time, because the customer simultaneously consumes and receives benefit from the Group's performance of providing access to its IP as that performance occurs. A promise to provide the customer with a right to use the Group's IP is satisfied at a point in time. Research services under a research and collaboration agreement that relate to very early stage compounds are typically deemed to be highly specialized and proprietary, resulting in a conclusion that the research services and the license are not distinct.

License agreements and research and collaboration agreements may include rights to variable consideration that is contingent on meeting specific develop or commercial milestones or other performance criteria. Given the significant uncertainties associated with achieving such milestones, we consider such consideration constraint and do not recognize such consideration until the performance criteria are highly probable of being met.

iii. Service revenue
Revenue from providing R&D services is recognized when a contractual promise to a customer (performance obligation) has been fulfilled as promised services are provided to the customer.

E. Employee benefits

i. Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Defined contribution plans
Obligations for contributions to defined contribution plans are expensed as the related service is provided.

iii. Share-based payments
The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

F. Net income/expense from financial items

Financial items comprise interest realized, realized and unrealized currency translation adjustments, and fair value adjustments of financial instruments. Financial income and financial expenses are recognized in profit or loss with the amounts related to the financial year.

G. Income tax

i. General
Tax on income for the year, consisting of the year's current tax and deferred tax, is recognized in profit or loss to the extent that it relates to the income or loss for the year and in OCI or equity to the extent that it relates thereto.

ii. Current tax
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Under the Danish 'Skattekreditordningen' (the 'Tax Credit Scheme'), loss-making companies can claim payment of the tax base of the portion of their loss which is attributable to certain R&D activities. Companies may obtain payment of the tax base of losses originating from R&D costs of up to DKK 25.0 million (approx. SEK 37.4 million). The net operating loss ('NOL') for the year for which the Group claims a payment is reduced by the amount of the tax base of the loss claimed. Payment typically occurs within 12 months after the reporting period. The Group accounts for the Tax Credit Scheme as a current tax benefit.

iii. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

• temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
• temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for NOL carryforwards, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset only if certain criteria are met.

H. Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation. Cost comprises acquisition price and costs directly related to acquisition until the time when the Group starts using the asset. The basis for depreciation is cost less estimated residual value after the end of useful life. Assets are depreciated under the straight-line method over the expected useful lives of the assets. The depreciation periods are as follows:

Machinery: 5 years

IT equipment: 3 years

Other fixtures, tools and equipment: 2-3 years

Profits and losses arising from disposal of property and equipment are stated as the difference between the selling price less the selling costs and the carrying amount of the asset at the time of the disposal. Profits and losses are recognized in profit or loss under other external costs.

I. Leases

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

• fixed payments, including in-substance fixed payments;

• variable lease payments that depend on an index or a rate, initially measured using the index or rate on the commencement date;

• amounts expected to be payable under a residual value guarantee; and

• the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value items and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

J. Intangible assets

i. Internal research and development
All internal research costs are expensed in profit or loss as incurred. A significant portion of our research and development activities is performed on our behalf by third parties. Often, our agreements with such parties provide for a payment schedule that is not necessarily aligned with the progress to completion. We make estimates of our accrued expenses and prepayments as of each reporting date for such third party agreements based on facts and circumstances known at that time.
Internal development costs are capitalized only if they can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, internal development costs are expensed in profit or loss as incurred. As of December 31, 2022, no internal development costs incurred by the Group have met these recognition criteria.

ii. In-licensing and separately acquired intangible assets
Intangible assets, including patents and other IP, that are licensed or acquired by the Group are initially measured at cost. Payments related to the achievement of development or regulatory milestones are capitalized when paid unless such payments relate to the execution of activities (cost accumulation approach). Intangible assets are amortized when they become available for use. Until then, intangible assets are tested for impairment at least annually, irrespective of whether any indication of impairment exists, or when an indication of impairment is identified.

K. Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets ('cash-generating units, 'CGUs') or other CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They reduce the carrying amounts of the assets in the CGU on a pro rata basis.

L. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions, and highly liquid investments with maturities of three months or less when acquired.

M. Financial instruments

i. Recognition and initial measurement
Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.
ii. Classification and subsequent measurement Financial assets - General
On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

• it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
• its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

• it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

• its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.
Financial assets – Subsequent measurement and gains and losses

• Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
• Financial assets at amortized cost: These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
• Equity investments at FVOCI: These assets are subsequentyly measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.
Financial liabilities – Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

iii. Derecognition
The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

iv. Impairment
The Group recognizes loss allowances for estimated credit losses ('ECLs') on financial assets measured at amortized cost. ECL for trade receivables are estimated based on a simplified approach which makes use of the Group's historical credit loss experience and more forward-looking information. The Group analyzes the credit risk related to its cash and cash equivalents. If it is determined that the credit risk has not increased significantly since recognition, the Group estimates 12-month ECL. If the credit risk has increased significantly since recognition, the Group estimates lifetime ECLs.

Recognized loss allowances for ECLs for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

N. Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

O. Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Group regularly reviews significant unobservable inputs and valuation adjustments. Significant valuation issues are reported to the group audit committee.

P. Deferred offering costs

The Group defers costs that are directly associated with in- process equity offerings until such offerings are completed, at which time such costs are recorded as a reduction to the gross proceeds from the offering directly in equity. If an equity offering is abandoned, deferred offering costs are expensed.

Q. Accounting policies for the Parent Company

The Parent Company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The application of RFR 2 means that as far as possible, the Parent Company applies all IFRS as endorsed by the EU within the auspices of the Swedish

Annual Accounts Act and the Swedish Pension Obligations Vesting Act and considering the relationship between accounting and taxation. The differences between the Parent Company's and the Group's accounting policies are reviewed below:

• Classification and presentation: The Parent Company presents a separate Statement of Comprehensive Income, separately from the Income Statement.

• Investments in subsidiaries, other financial assets and associated companies: Investments in subsidiaries and other financial assets are recognized at cost in the Parent Company's financial statements subject to potential impairment. Dividends are recognized in the income statement. Investments in associates is recognized in the balance sheet in accordance with the equity method and taken to the profit and loss statement as a financial income or expense.

Note 8 Financing transactions

A. Formue Nord Loan 2021 and 2022

On July 12, 2021, the Group entered into a non-dilutive SEK- denominated fixed-rate term loan agreement for SEK 87.0 million with Formue Nord Focus A/S (the "Formue Nord 2021 Loan'). After deduction of a 6% commitment fee, the Group received SEK 81.8 million in net proceeds from this agreement. On September 30, 2022, the terms have been renegotiated and modified to include an amortization of SEK 15 million of the non-dilutive loan and the term of the loan has been extended with 7 months, which means that the maturing date of the loan has been changed from June 30, 2023, to January 31, 2024. A 3% commitment fee resulting in a nominal amount of SEK 2.2. million will be settled at maturity of the loan to Formue Nord, totaling SEK 74.2 million. The loan value will continue to accrue at 1 percent monthly interest until July 1, 2023, whereafter the monthly interest will increase to 1.5 per cent. The effect of this modification has not been judged to be material.

Note 9 Revenue

A. Disaggregation of revenue

In 2022 and 2021, revenue for the Group by category was as follows:

KSEK	2022	2021
License agreements (other event-based payments)	3,760	2,504
Research and collaboration agreements (bundle, over time)	8,293	5,714
Research and development services (standalone)	3,229	2,260
Total	**15,282**	**10,478**

In 2022 and 2021, revenue for the Group by major customers was as follows:

KSEK	2022		2021	
Customer #1	3,760	24.6 %	2,504	23.9 %
Customer #2	3,229	21.1 %	2,260	21.6 %
Customer #3	8,293	54.3 %	5,714	54.5 %
Total	**15,282**	**100.0 %**	**10,478**	**100.0 %**

In 2022 and 2021, revenue for the Group by primary geographical market was as follows:

KSEK	2022	2021
Sweden	—	—
Other European countries	11,522	7,974
The Americas	3,760	2,504
Total	**15,282**	**10,478**

B. Contracts with customers

i. Boehringer Ingelheim research and collaboration agreement

In 2020, the Group entered into a research and collaboration agreement with Boehringer Ingelheim International GmbH ('BI'), regarding joint research to further validate a specific non-disclosed novel potential drug target involved in Schizophrenia and identify potential drug leads for this target. Under the agreement (the 'BI 2020 Agreement') BI gets exclusive worldwide license for BI to research, develop, manufacture, and commercialize therapeutics identified through the collaboration. The Group provides research services during an initial term of 12 months and BI has the option to extend the research term up to three times for an additional twelve months period each, the first of these extension options was exercised in 2021, extending the term through March 2022, again in 2022, through March 2023, and finally in 2023, through March 2024.

The Group receives quarterly research funding payments from BI based on actual full-time employees used by the Group for the joint research. The Group is also eligible to receive future milestone payments of up to SEK 784.8 million (EUR 76.5 million) related to the achievement of prespecified development, regulatory, commercialization, and sales milestones, none of these were achieved as of December 31, 2022. The Group is also eligible to receive tiered low single- digit percentage royalties on BI's sales of all products stemming from this collaboration. The BI 2020 Agreement expires on the later of the tenth anniversary of the execution of the agreement and the last claim to a patent or patent application. After the first anniversary of the agreement, BI has the right to terminate the agreement for convenience by giving ninety days prior written notice, in this case, the licensed IP is returned to the Group.

The Group did not have a contract liability from the agreements with BI as of December 31, 2022 and December 31, 2021.

ii. Medix License Agreement

In 2016, the Group entered into a License Agreement with Productos Medix, S.A. de C.V. ('Medix') for rights to develop and commercialize tesofensine and/or Tesomet in Mexico and Argentina (the 'Medix Agreement'). Under the terms of the Medix Agreement, Medix paid a non-refundable upfront payment of SEK 10.7 million (USD 1.25 million) in 2016. Saniona is eligible to receive future milestone payments of up to SEK 20.8 million (USD 2.0 million) related to the achievement of prespecified regulatory milestones, none of which were achieved as of December 31, 2022. Milestone payments are recognized as revenue when the relevant milestones are achieved. The Group is also entitled to receive tiered non-refundable annual license payments ranging from SEK 0.0 million (USD 0.0 million) to SEK 5.2 million (USD 0.5 million), as well as tiered low double-digit percentage royalties on Medix' sales of products. The Medix Agreement expires on the later of ten years after the first commercial sale and five years following the establishment of generic competition. Medix has the right to terminate the agreement for convenience by giving ninety days prior written notice, in this case, the licensed IP is returned to the Group. The Group has the right to terminate the Medix Agreement with respect to tesofensine on a country-by-country basis in the event that Medix has not initiated a clinical trial for tesofensine product within two years after the effective date of the Medix Agreement for the purpose of obtaining regulatory approval for tesofensine in such country. The Group has the right to terminate the Medix Agreement with respect to Tesomet on a country-by-country basis in the event that Medix has not initiated a clinical trial for Tesomet product within one year after the issuance of patent rights for Tesomet for the purpose of obtaining regulatory approval for tesofensine in such country. Revenue from annual license payments is recognized at the beginning of each annual license period. Revenue recognized with regard to Medix in 2022 and 2021 relates to annual license payments. No milestone event was achieved, and no product was marketed, during these years.

iii. Cephagenix

In 2020, the Group entered into a research services agreement and a collaboration agreement with Headchannel ApS (subsequently renamed Cephagenix ApS ('Cephagenix')) related to the identification and development of novel migraine treatments based on the Group's unique ion channel competence and central nervous system technology platform, with an initial term of one year. The Group is compensated for research services based on actual full-time employees used by the Group for providing such services. External costs incurred by the Group in connection with the performance of research services are passed through to Cephagenix and are included in revenue. The initial term was extended multiple times and runs now through May 2023.

The Group has significant influence in Cephagenix and account for this as an investment in associate, refer to Note 18 *Investment in associate for details*.

Note 10 Auditors fees and remuneration

The auditor assignment relates to an audit of the financial statements and accounts as well as an audit of the administration of the Board of Directors and the Chief Executive Officer. Audit activities other than the audit assignment relate to an audit of our consolidated financial statements for 2021 and 2022 under standards of the U.S. Public Company Accounting Standards Board ('PCAOB') which would be required in the event that the Group would apply for a U.S. listing with the U.S. Securities and Exchange Commission ('SEC'), as well as comfort letters and limited assurance reports. The U.S. listing was cancelled in April 2022, where Saniona closed its business in U.S.

KSEK	Group		Parent	
	2022	2021	2022	2021
Deloitte				
Audit assignment	929	1,508	460	958
Audit activities other than audit assignment	1,651	7,223	1,651	7,223
Tax consultancy services	—	79	—	79
Other assignments	22	72	15	72
Total	**2,602**	**8,882**	**2,126**	**8,332**

Note 11 Employee benefits

A. Number of employees, salaries, other remuneration and social security expenses

The average number of employees in the Group during the years ended December 31, 2022 and 2021 was to 34.4 (49.2).

As of December 31, 2022, and 2021 the number of employees including the CEO was 23 (53) of which 12 (29) were women and 11 (24) were men. Of these employees, 17 (36) work in the Group's research and development operations, and 10 employees (14) hold PhDs.

By December 31, 2022, the Group had an executive committee ("EXCOM") consisting of 5 individuals, namely a Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Scientific Officer (CSO), Chief Development Officer (CDO) and Executive Vice President, Research. Of these, 2 were women and 3 were men.

By December 31, 2022, Saniona's Board had 3 members, of which 1 was women, and 2 were men.

SALARIES AND REMUNERATION FOR THE YEAR 2022 GROUP AND PARENT COMPANY

KSEK	Board fee	Fixed salary	Variable salary	Pension costs	Share based payment c)	Reversed share based payment c)	Social security expenses	Other staff expenses	Total
Jørgen Drejer, Chairman**	204	—	—	—	154	—	—	—	358
Carl Johan Sundberg, Board member	268	—	—	—	156	—	84	—	508
Anna Ljung, Board member	322	—	—	—	156	—	101	—	579
J. Donald deBethizy b)	192	—	—	—	—	—	—	—	192
Edward Saltzman b)	186	—	—	—	120	-361	—	—	-55
Robert Hoffman b)	213	—	—	—	—	—	—	—	213
Nomination committee members	60	—	—	—	—		—	—	60
Total Board a)	**1,445**	—	—	—	**586**	**-361**	**185**	—	**1,855**
Thomas Feldthus, CEO d)	—	1,312	707	287	560	—	3	9	2,878
Rami Levin (former CEO) f)	—	12,013	—	80	1,632	-5,875	459	2	8,311
Jørgen Drejer (deputy CEO) e)	—	1,022	—	—	—	—	2	7	1,031
Other EXCOM d)	—	31,098	342	971	4,022	-17,010	655	70	20,148
Total EXCOM	—	**45,445**	**1,049**	**1,338**	**6,214**	**-22,885**	**1,119**	**88**	**32,368**
Other Employees	—	41,917	371	2,048	2,424	-3,959	4,718	481	48,000
Total	**1,445**	**87,362**	**1,420**	**3,386**	**9,224**	**-27,205**	**6,022**	**569**	**82,223**

a) The board fee relates to fee in the Parent Company.
b) At AGM May 25, 2022, J. Donald deBethizy, Edward Saltzman and Robert Hoffman stepped down from the Board of Directors.
c) These transactions do not involve payment and do not affect the company's cash flow.
d) On April 30, 2022, Saniona appointed Thomas Feldthus as CEO, Anita Milland as CFO, Karin S. Nielsen as CSO, Janus Schreiber as CDO and Palle Christophersen as EVP, Research, and at the same time Rami Levin resigned as CEO, together with all other US employees, when Saniona Inc was closed.
e) On April 30, 2022, Jørgen Drejer resigned as CSO and Deputy CEO, and stepped in as interim Chairman of the Board, and was elected as Chairman of the Board at the AGM May 25, 2022.
f) On April 30, 2022, Rami Levin resigned as CEO. Rami Levin's fixed salary payment in 2022 includes a severance payout of SEK 9.9 million.

Parent company

The parent company accounts for 17.7 MSEK (34.0) in personnel expenses, salary 287 KSEK (0), board fee of 1,445 KSEK (1,488), social expenses of 185 KSEK (189), warrants of 225 KSEK (1,420) and invoiced intercompany salaries of 15.6 MSEK (30,9).

A. Number of employees, salaries, other remuneration and social security expenses (continued)

SALARIES AND REMUNERATION FOR THE YEAR 2021 GROUP AND PARENT COMPANY

KSEK	Board fee	Fixed salary	Variable salary	Pension costs	Share based payment ****	Social security expenses	Other staff expenses	Total
J. Donald deBethizy, Chairman	406	—	—	—	81	—	—	487
Carl Johan Sundberg, Board member	308	—	—	—	339	97	—	744
Anna Ljung, Board member	293	—	—	—	339	92	—	724
Jørgen Drejer, Board member	—	—	—	—	327	—	—	327
Edward Saltzman, Board member	294	—	—	—	335	—	—	629
Robert Hoffman, Board member	127	—	—	—	—	—	—	127
Nomination committee members	60	—	—	—	—	—	—	60
Total Board*	**1,488**	—	—	—	**1,421**	**189**	—	**3,098**
Rami Levin, CEO	—	4,581	2,151	88	10,721	534	6	18,081
Jørgen Drejer, CSO	—	2,869	—	—	—	5	20	2,894
Other EXCOM	—	21,658	8,704	496	23,928	2,754	45	57,585
Total EXCOM	—	**29,108**	**10,855**	**584**	**34,649**	**3,293**	**71**	**78,560**
Other Employees	—	57,191	11,166	2,719	11,078	5,124	542	87,820
Total	**1,488**	**86,299**	**22,021**	**3,303**	**47,148**	**8,606**	**613**	**169,478**

* The board fee relates to fee in the Parent Company.
** On September 16, 2021, Robert Hoffman was appointed to the Board at the extraordinary general meeting.
***These costs do not involve payment and do not affect the company's cash flow.

Note 12 Share-based payments

A. Description of share-based payment arrangements

As of December 31, 2022, the Group had the following share-based payment arrangements (collectively the 'Option Programs'). All Option Programs are equity-settled.

2018:1: On January 19, 2018, the extraordinary shareholders' meeting voted in favor of establishing an incentive program involving the allotment of a maximum of 217,625 options free of charge to the chairman of the board of directors, J. Donald deBethizy (the 'Option Program 2018/2024'). Allotment of 217,625 options took place in March 2018. Each option initially entitled the holder to acquire one new share in Saniona for a subscription price of SEK 33.60. The subscription price and the number of shares that each option entitles to subscription of were subsequently recalculated as a result of rights issues and are now SEK 33.20 and 1.03, respectively. 25% of the options vested on January 19, 2018, when the holder was elected as chairman of the Board of Directors. The remaining options are subject to a service condition and vest at a rate of 25% on each anniversary of the election as chairman of the Board of Directors over a period of 3 years. The holder can exercise vested options during 30 days from the day following the publication of the Group's quarterly reports, or in the case of full-year, the year-end report, the first time after publication of the quarterly report for the first quarter of 2021 and last time after publication of the quarterly report for the first quarter of 2024. In order to enable the Parent Company's delivery of shares under the option program and to secure social security charges which may arise in connection with the option program, the extraordinary shareholders' meeting resolved to issue a maximum of 286,003 options to a wholly owned subsidiary in the Group.

2018:2: The 2018 AGM voted in favor of establishing an employee incentive program involving the allotment of a maximum of 34,500 options free of charge to certain employees and others providing similar services of the Group (the 'Options Program 2018/2023'). Allotment of 34,500 options took place in July 2018. Each option initially entitled the holder to acquire one new share in Saniona for a subscription price of SEK 30.08. The subscription price and the number of shares that each option entitles to subscription of were subsequently recalculated as a result of rights issues and are now SEK 29.71 and 1.03, respectively. The options are subject to a service condition and vest gradually on a monthly basis over a total vesting period of 48 months. Holders can exercise vested options during 30 days from the day following the publication of the Group's quarterly reports, or in the case of full-year, the year-end report, the first time after publication of the quarterly report for the first quarter of 2022 and last time after publication of the quarterly report for the third quarter of 2023.

2019:1: The 2019 AGM voted in favor of establishing an employee incentive program involving the allotment of a maximum of 34,500 options free of charge to certain employees and others providing similar services of the Group (the 'Options Program 2019/2024'). Allotment of 34,500 options took place in September 2019. Each option initially entitled the holder to acquire one new share in Saniona for a subscription price of SEK 17.86. The subscription price and the number of shares that each option entitles to subscription of were subsequently recalculated as a result of rights issues and are now SEK 17.83 and 1.01, respectively. The options are subject to a service condition and vest gradually on a monthly basis over a total vesting period of 48 months. Holders can exercise vested options during 30 days from the day following the publication of the Group's quarterly reports, or in the case of full-year, full-year report, for the first time after publication of the quarterly report for the first quarter of 2023 and last time after publication of the quarterly report for the third quarter of 2024.

2019:2: The 2019 AGM voted in favor of establishing an incentive program involving the allotment of a maximum of 12,000 options free of charge to certain members of the board of directors of the Group (the 'Options Program 2019/2023 for certain Board Members'). Allotment of 12,000 options took place in September 2019. Each option initially entitled the holder to acquire one new share in Saniona for a subscription price of SEK 17.86. The subscription price and the number of shares that each option entitles to subscription of were subsequently recalculated as a result of rights issues and are now SEK 17.83 and 1.01, respectively. The options are subject to a service condition, 1/3 of the options vest when the annual shareholders' meeting takes place in 2020, an additional 1/3 of the options vest when the annual shareholders' meeting takes place in 2021, and the last 1/3 of the options vest when the annual shareholders' meeting takes place in 2022. The holder can exercise vested options during 30 days from the day following the publication of the Group's quarterly reports, or in the case of full-year, the year-end report, for the first time after publication of the quarterly report for the first quarter of 2022 and last time after publication of the quarterly report for the first quarter of 2023. In order to enable the Parent Company's delivery of shares under the option program and to secure social security charges which may arise in connection with the option program, the extraordinary shareholders' meeting resolved to issue a maximum of 15,770 options to a wholly owned subsidiary in the Group.

2020:1 On February 7, 2020, the extraordinary shareholders' meeting voted in favor of establishing a option program for the CEO, Rami Levin (the 'Options Program 2020/2025'). The Options Program 2020/2025 comprises 710,313 options free of charge. Allotment took place on February 7, 2020. Each option initially entitled the holder a right to acquire one new share in Saniona for a subscription price of SEK 29.42. The subscription price and the number of shares that each option entitles to subscription of were subsequently recalculated as a result of rights issues and are now SEK 29.36 and 1.01, respectively. The options are subject to a service condition and vest at a rate of 25% on the dates falling 12, 24, 36 and 48 months after allotment. The holder can exercise vested options during 30 days from the day following after the announcement of the company's

quarterly reports, or for full year, the year-end report, the first time after the announcement of the quarterly report for the fourth quarter of 2022 and the last time after the announcement of the quarterly report for the fourth quarter of 2025.

2020:2 On October 23, 2020, the extraordinary shareholders' meeting voted in favor of establishing an employee incentive program involving the allotment of a maximum of 7,976,690 options free of charge (the 'Options Program 2020'). A total of 5,923,348 options were allotted at various points in time in the fourth quarter of 2020. Each option entitles the holder a right to acquire one new share in Saniona for a subscription price equal to the closing price of our common stock on the day before the allotment. The options are subject to a service condition, 25% vest on the 12-month anniversary, and the remaining 75% vest gradually on a quarterly basis at a rate of 6.25% over the following 36 months, resulting in a total vesting period of 48 months. The holder can exercise vested options from the time of vesting until the date that falls 10 years after the allotment date. However, for a participant that ceases to be employed or in a service relationship in the Group, vested options have to be exercised within 90 days from the date when the participant ceased to be employed or in a service relationship in the Group (or, in the case such cessation is due to the participant's death or disability, 12 months from such date).

2020:3 On October 23, 2020, the extraordinary shareholders' meeting voted in favor of establishing an incentive program involving the allotment of a maximum of 308,000 options free of charge to all the members of the board of directors, excluding the chairman of the board of directors (the 'Board Options Program 2020'). Each participant was allotted 77,000 options. Allotment of 308,000 options took place on October 26, 2020. Each option entitles the holder a right to acquire one new share in Saniona for a subscription price of SEK 25.40. The options are subject to a service condition, 1/3 of the options vest on the date when the annual general meeting of 2021 is held, an additionally 1/3 vest on the date when the annual general meeting of 2022 is held, and the remaining 1/3 vest on the date when the annual general meeting of 2023 is held. The holder can exercise vested options during 30 days from the day following after the announcement of the company's quarterly reports, or for full year, the year-end report, the first time after the announcement of the quarterly report for the fourth quarter of 2023 and the last time after the announcement of the quarterly report for the fourth quarter of 2024.

2021:1 The Group allotted a total of 902,000 options under the terms of the Options Program 2020 at various points in time in the first quarter of 2021.

2022:1 On August 26, 2022, the Group allotted a total of 2,129,821 options under the Options Program 2022. 2022:1 On August 18, 2022, the extraordinary shareholders' meeting voted in favor of establishing an Employee Option Program. The Employee Option Program 2022 comprises up to 2,129,821 employee options. Each employee option entitles the holders a right to acquire one new share in the company against cash consideration at an exercise price amounting to 130 per cent of the volume weighted average share price of the company's share on Nasdaq Stockholm during the 10 trading days immediately prior to the extraordinary general meeting on August 18, 2022. Allotment of 2,129,821 options took place August 25, 2022. The allotted employee options will vest with 1/3 each on the date that falls 12, 24 and 36 months, respectively, following the date of allotment. Allotted and vested employee options can be exercised during the period starting on the date that falls 3 years after the allotment date and ending on December 31, 2028. The board of directors has the right to limit the number of occasions during the exercise period when the employee options can be exercised.

B. Measurement of fair values and compensation expense

Share-based compensation expenses for the years ended December 31, 2022 and 2021 totaled SEK -18.0 million and SEK 47.1 million, respectively. The expenses for the forfeited options in 2022, have been reversed with SEK 27.2 million. The fair value of the service that entitles an employee and board member to allotment of options under the Option Programs is recognized as a personnel cost with a corresponding increase in equity. Such compensation expenses represent the fair market values of options granted and do not represent actual cash expenditures.

The fair value of options has been measured using the Black- Scholes formula. The estimated life has been based on the average of the end of the vesting period and the contractual life of the respective instruments, absent sufficient Group-specific information about employees exercising options. Expected volatility has been based on an evaluation of the historical volatility of the Parent Company's share price, particularly over the historical period commensurate with the estimated life.

NOTES

The inputs used in the measurement of the fair values at grant date and the reconciliation of options outstanding are as follows.

DECEMBER 31, 2022

Incentive program	2017	2018:1	2018:2	2018:3	2019:1	2019:2	2020:1	2020:2	2020:3	2021:1	2021:2	2022:1:2	Total
Options outstanding, January 1	38,292	286,003	32,792	10,513	34,500	15,770	710,313	5,915,648	308,000	902,000	148,350	—	8,402,181
Granted during the year	—	—	—	—	—	—	—	—	—	—	—	2,129,821	2,129,821
Forfeited during the year	-38,292	—	—	-10,513	—	—	-355,157	-5,030,948	-25,667	-901,300	-148,350	—	-6,510,227
Options outstanding, December 31	0	286,003	32,792	0	34,500	15,770	355,156	884,700	282,333	700	0	2,129,821	4,021,775
Options exercisable, December 31	0	286,003	32,792	0	23,000	15,770	355,156	442,350	205,333	306	0	0	1,360,710
Maximum number of shares to be issued	0	294,583	33,775	0	34,845	15,927	358,707	884,700	282,333	700	0	2,129,821	4,035,391
Grant Date Fair Value* (SEK)	27.94	12.06	17.38	12.89	7.23	6.00	12.26	13.13	7.98	10.75	10.18	1.59	
Share Price at Grant Date* (SEK)	49.60	26.95	33.85	33.85	17.76	17.76	28.10	23.50	23.55	19.31	18.88	4.24	
Exercise Price* (SEK)	40.63	33.20	29.71	29.71	17.83	17.83	29.36	24.12	25.40	19.38	19.26	5.89	
Expected volatility*	73.41%	69.24%	67.77%	53.67%	57.29%	53.67%	58.66%	63.64%	57.00%	62.56%	61.32%	57.65%	
Estimated life (years)*	3.75	3.88	3.73	2.8	3.67	2.80	4.20	6.10	2.80	6.11	6.11	4.17	
Expected dividends*	0	0	0	0	0	0	0	0	0	0	0	0	
Risk-free rate*	-0.2602%	-0.1092%	-0.2773%	-0.4218%	-0.6903%	-0.6709%	-0.2280%	-0.2772%	-0.3602%	-0.2046%	-0.5225%	2.0670%	
Remaining contractual life (years)*	0.00	1.50	0.96	0.00	2.00	0.75	3.00	7.83	1.92	8.11	8.40	6.01	

* Weighted average

DECEMBER 31, 2021

Incentive program	2017	2018:1	2018:2	2018:3	2019:1	2019:2	2020:1	2020:2	2020:3	2021:1	2021:2	Total
Options outstanding, January 1	38,292	286,003	32,792	10,513	34,500	15,770	710,313	5,915,648	308,000	—	—	7,351,831
Granted during the year	—	—	—	—	—	—	—	—	—	902,000	148,350	1,050,350
Forfeited during the year	—	—	—	—	—	—	—	—	—	—	—	—
Options outstanding, December 31	38,292	286,003	32,792	10,513	34,500	15,770	710,313	5,915,648	308,000	902,000	148,350	8,402,181
Options exercisable, December 31	38,292	286,003	26,689	10,513	0	0	177,578	1,479,112	0	0	0	2,018,187
Maximum number of shares to be issued	39,440	294,583	33,775	10,828	34,845	15,927	717,416	5,915,648	308,000	902,000	148,350	8,420,812
Grant Date Fair Value* (SEK)	27.94	12.06	17.38	12.89	7.23	6.00	12.26	13.13	7.98	10.75	10.18	
Share Price at Grant Date* (SEK)	49.60	26.95	33.85	33.85	17.76	17.76	28.10	23.50	23.55	19.31	18.88	
Exercise Price* (SEK)	40.63	33.20	29.71	29.71	17.83	17.83	29.36	24.12	25.40	19.38	19.26	
Expected volatility*	73.41%	69.24%	67.77%	53.67%	57.29%	53.67%	58.66%	63.64%	57.00%	62.56%	61.32%	
Estimated life (years)*	3.75	3.88	3.73	2.80	3.67	2.80	4.20	6.10	2.80	6.11	6.11	
Expected dividends*	0	0	0	0	0	0	0	0	0	0	0	
Risk-free rate*	-0.2602%	-0.1092%	-0.2773%	-0.4218%	-0.6903%	-0.6709%	-0.2280%	-0.2772%	-0.3602%	-0.2046%	-0.5225%	
Remaining contractual life (years)*	1.00	2.50	1.96	0.48	3.00	1.75	4.00	8.83	2.92	9.11	9.40	

* Weighted average

Note 13 Financial items

KSEK	Group		Parent Company	
	2022	2021	2022	2021
Interest income	593	247	11	5,875
Foreign exchange gains	9,133	1,675	380	—
Financial income	**9,726**	**1,922**	**391**	**5,875**
Interest expense on lease liabilities	-1,567	-1,953	—	—
Other interest expense	-13,142	-8,895	-17,485	-7,574
Foreign exchange losses	-9,950	-2,280	-300	-68
Financial expenses	**-24,659**	**-13,128**	**-17,785**	**-7,642**
Reclassification of previously recorded net financial items from Additional paid-in capital to Loss for the period	—	-4,414	—	-4,414
Gain from change in fair value for Warrants	—	4,793	—	4,793
Gain/loss from change in fair value for investment in equity instruments - privately-held	-11,661	4,017	—	19,272
Reduction of carrying value of investment in subsidiary	—	—	—	-678,100
Net gains (losses) from other financial items	**-11,661**	**4,396**	**0**	**-658,449**

Note 14 Income Tax

A. Tax for the year

	Group		Parent Company	
KSEK	2022	2021	2022	2021
Current tax	6,610	7,482	—	—
Deferred tax income (expense)	—	—	—	—
Total tax	**6,610**	**7,482**	**—**	**—**

Income tax in Sweden is calculated at 20.6% (20.6%), in the United States at 21.0% (21.0%), and in Denmark at 22% (22%) of taxable profit or loss for the year.
Current tax income for the years 2022 and 2021 relates to the Tax Credit Scheme in Denmark with SEK 8.2 million and SEK 7.4 million, respectively. In 2022 the Group also recorded a tax expense in Saniona Inc of SEK 0.6 million.

B. Tax loss carried forward

The Parent Company and its subsidiaries have generated unused NOL carryforwards. Given the Group's history of tax losses, management believes that it is not probable that future taxable profits will be available against which the unused NOL carryforwards can be utilized. Accordingly, deferred tax assets attributable to NOL carryforwards have been recognized only to the extent that they can be offset against deferred tax liabilities in the same jurisdiction. There is no time limit for the use of the NOL carryforwards in all jurisdictions in which the Group operates.

	Group		Parent Company	
KSEK	2022	2021	2022	2021
Loss carried forward January 1 for which no deferred tax assets were recognized	549,991	292,764	134,554	44,151
Reversal of loss carry forward attributable to Saniona Inc.	-258,089	—	—	—
Loss carried forward for which no deferred tax assets were recognized	205,714	257,227	46,905	90,403
Loss carried forward December 31 for which no deferred tax assets were recognized	**497,616**	**549,991**	**181,458**	**134,554**

As of December 31, 2022 and 2021, the Group had an accumulated unrecognized deferred tax asset of SEK 106.9 million and SEK 116.5 million, respectively. Deferred tax assets are not recognized since the tax assets are currently not deemed to meet the criteria for recognition as management is not able to provide any convincing positive evidence that deferred tax assets should be recognized.

C. Reconciliation of effective Tax

A reconciliation of recognized profit and the tax expense for the year is presented below.

	Group		Parent Company	
KSEK	2022	2021	2022	2021
Recognized profit/loss before tax	-251,967	-418,380	-42,336	-721,901
Tax according to the applicable tax rate	51,905	86,186	8,721	148,711
Tax effect of tax-exempt income (Cadent FV)	-1,610	608	—	—
Tax effect of tax-exempt income (TOx Warrants)	—	988	—	988
Tax effect of tax-exempt income (Scandion)	—	3,970	—	3,970
Tax effect of non-deductible expenses	—	-909	—	-140,598
Tax effect on deductible costs in relation to share issues taken to equity	—	-17	—	-17
Current year losses for which no deferred tax asset is recognized	-43,685	-83,344	8,721	-13,054
Net tax income	**6,610**	**7,482**	**—**	**—**
Effective tax rate	**2.6%**	**1.8%**	**0.0%**	**0.0%**

Note 15 Loss per share

KSEK	Group	
	2022	2021
Net loss	-245,357	-410,898
Average number of outstanding shares (in thousands)	62,381	62,381
Loss per share for the year (SEK)	**-3.93**	**-6.59**
Diluted loss per share for the year (SEK)	**-3.93**	**-6.59**

As of December 31, 2022, 4,035,391 share options resulting from share-based payments (refer to Note 12 *Share-based payments*) were excluded from the weighted-average number of outstanding shares calculation because their effect would have been anti-dilutive.

As of December 31, 2021, 8,420,812 share options resulting from share-based payments (refer to Note 12 *Share-based payments*) were excluded from the weighted-average number of outstanding shares calculation because their effect would have been anti-dilutive.

Note 16 Intangible assets

A. Reconciliation of carrying amount

The carrying amount of intangible assets reconciles as follows:

KSEK	Group*	
	2022	2021
Cost on January 1	7,564	7,464
Foreign exchange adjustment	670	100
Cost on December 31	**8,234**	**7,564**
Depreciation and impairment on January 1	(1,375)	(1,392)
Impairment loss	—	—
Foreign exchange adjustment	(122)	17
Depreciation and impairment on December 31	**(1,497)**	**(1,375)**
Carrying amount on December 31	**6,737**	**6,189**

* No intangible assets in the Parent Company

B. Impairment

The carrying amount of SEK 6.7 million relates to the tesofensine/Tesomet program. We have estimated the recoverable amount of this asset as of December 31, 2022 based on the present value of the probability-weighted and discounted expected future cash flows to be derived from this asset, the recoverable amount of the tesofensine/Tesomet asset was estimated to be higher than its carrying amount and no impairment was required.

Note 17 Tangible assets

A. Property and equipment

The carrying amount of property and equipment reconciles as follows:

KSEK	Group*							
	2022				2021			
	Leasehold improvements	Plant, machinery, and other fixture	IT equipment	Total	Leasehold improvements	Plant, machinery, and other fixture	IT equipment	Total
Cost on January 1	3,546	4,258	2,631	10,435	2,974	3,680	1,977	8,631
Additions	—	3,353	64	3,418	512	314	586	1,412
Disposals	—	-356	-1,332	-1,688	—	-10	-53	-63
Foreign exchange adjustment	314	-194	253	373	60	274	121	455
Cost on December 31	**3,860**	**7,061**	**1,616**	**12,537**	**3,546**	**4,258**	**2,631**	**10,435**
Depreciation on January 1	791	3,116	1,428	5,335	138	2,530	874	3,542
Depreciation	750	470	361	1,581	645	535	565	1,745
Disposals	—	-197	-596	-793	—	-10	-53	-63
Foreign exchange adjustment	103	458	150	711	8	61	42	111
Depreciation on December 31	**1,644**	**3,847**	**1,343**	**6,834**	**791**	**3,116**	**1,428**	**5,335**
Carrying amount December 31	**2,217**	**3,214**	**273**	**5,703**	**2,755**	**1,142**	**1,203**	**5,100**

* No property and equipment in the Parent Company

B. Leases

The Group leases office and laboratory space, and items of equipment, for which it recognizes right-of-use assets and lease liabilities.

In 2020, the Group entered into a lease agreement for office and laboratory space in Glostrup, Denmark, commencing in June 2020 (the 'Glostrup Lease'). The lease has a non-cancellable term of 48 months, hereafter, Saniona can terminate the lease with 12-months' notice. The lessor cannot terminate the lease for the first 8 years. Lease payments are fixed, subject to an annual increase based on a consumer price index.

In 2020, the Group entered into a lease agreement for office space in Waltham, MA, United States, commencing in July 2020 (the 'Waltham Lease'). The lease agreement has not been extended, and ended June 2022.

The Group also leases certain other equipment under short- term and/or leases of low-value items. Group has elected not to recognize right-of-use assets and lease liabilities for these leases. For 2022 and 2021, the amount of expense recognize for such assets was immaterial.

The equipment disposals in 2022 is purchase of the leased machine, which is now owned by the Company and presented in Note 17 A. *Property and equipment*.

i. Right-of-use assets

The carrying amount of right-of-use assets reconciles as follows:

KSEK	Group*					
	2022			2021		
	Rent facility	Equipment	Total	Rent facility	Equipment	Total
Cost on January 1	18,674	7,693	26,367	18,002	7,547	25,549
Additions	—	—	—	—	—	—
Disposals	-4,914	-2,357	-7,271	—	—	—
Exchange rate adjustments	1,855	649	2,504	672	146	818
Cost on December 31	**15,615**	**5,986**	**21,600**	**18,674**	**7,693**	**26,367**
Depreciations on January 1	8,029	1,686	9,715	2,155	359	2,514
Depreciation	4,901	1,336	6,237	5,619	1,309	6,928
Disposals	-4,408	-663	-5,071	—	—	—
Exchange rate adjustments	587	135	722	255	18	273
Depreciations on December 31	**9,109**	**2,494**	**11,603**	**8,029**	**1,686**	**9,715**
Carrying amount December 31	**6,506**	**3,492**	**9,998**	**10,645**	**6,007**	**16,652**

* No right of use assets in the Parent Company

ii. Extension options

The Group has assessed at the lease commencement date whether it is reasonably certain to exercise the extension for the Glostrup Lease, to what extent it is reasonably certain that the Group will continue a lease for more than just the non-cancellable term. The Group reassesses for how long we believe that we will continue a lease if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should the Group continue to occupy leased property for 2 years longer than currently expected, would result in an increase in lease liability of SEK 10.4 million.

Note 18 Joint arrangements and investment in associates

A. Cephagenix

As of December 31, 2022, the Group holds an investment in Cephagenix which is accounted for under the equity method of accounting. In May 2021, Saniona became a minority shareholder of Cephagenix, obtaining an ownership interest of initially approximately 21% and certain other rights. The Group accounts for this investment under the equity method of accounting, as the criteria for joint control are met and the investment meets the definition of a joint venture. For the year ended December 31, 2022, the investment in Cephagenix is immaterial for the Group.

In January 2020, Saniona and Cephagenix had entered into a research agreement based on which Saniona provides certain research services to Cephagenix. This agreement was extended in mid-May 2022, and is currently effective through mid-May 2023, refer to Note 9 *Revenue* for details. For the year ended December 31, 2022, Saniona recognized gross revenue of SEK 3.2 million from the agreement, of which SEK 0.9 million was eliminated since it represents Saniona's share of the revenue and loss of Cephagenix for the period. As of December 31, 2022, SEK 1.5 million of trade receivables from these transactions were outstanding.

B. Scandion Oncology

During 2021 Saniona sold the rest of the investment in Scandion Oncology (publicly-traded shares).

Note 19 Other financial assets

A. Composition

Other financial assets were comprised of the following:

KSEK	2022-12-31	2021-12-31
Contingent consideration receivable	241	18,289
Long-term deposits for property lease agreements	2,873	2,504
Total non-current other financial assets	**3,114**	**20,793**
Short-term deposit for property lease agreement	—	414
Total current other financial assets	**0**	**414**

B. Investment in equity instruments – privately-held and Contingent consideration receivable

Through January 2021, Saniona A/S, a wholly-owned subsidiary of the Parent Company, owned approximately 3% of the share capital of Cadent Therapeutics, Inc. ('Cadent Therapeutics'), a private company based in Cambridge, MA, United States. In January 2021, Novartis AG ('Novartis') closed its acquisition of Cadent Therapeutics that was announced in December 2020. Upon the occurrence of the closing of the acquisition, the Group exchanged its investment in equity instruments – privately-held for a receivable for an upfront payment in the amount of SEK 24.2 million, and a contingent consideration receivable from Novartis that had a carrying amount of SEK 18.3 million as of December 31, 2021. The upfront payment was received in February 2021 of SEK 23.4 million, and a portion of the consideration receivable of SEK 7.5 million was received in January 2022. As of December 31, 2022, the rest of the contingent consideration has been measured at SEK 0.2 million.

Refer to Note 25 *Financial instruments – Fair values and risk management* for details regarding the measurement of this investment.

Note 20 Other assets

Other assets were comprised of the following:

GROUP

KSEK	2022-12-31	2021-12-31
VAT reimbursement	1,195	2,057
Prepaid expenditures	1,555	19,899
Other	26	440
Total current other assets	**2,776**	**22,396**

PARENT

KSEK	2022-12-31	2021-12-31
VAT reimbursement	206	343
Prepaid expenditures	16	1,198
Total current other assets	**222**	**1,541**

Note 21 Cash and cash equivalents

A. Composition of cash and cash equivalents

The Group's cash and cash equivalents as of December 31, 2022 and December 31, 2021 were comprised of bank deposits only.

B. Adjustments for non-cash transactions and changes in working capital

KSEK	Group		Parent Company	
	2022	2021	2022	2021
Adjustments for non-cash transactions:				
Depreciation	7,818	8,673	—	—
Warrants	-17,981	47,148	225	1,420
Other financial income and expenses	1,364	-8,810	1,364	704,098
Other provisions	—	4,414	—	—
Total adjustments for non-cash transactions	**-8,799**	**51,425**	**1,589**	**705,518**
Changes in working capital:				
Increase (-)/Decrease (+) in operating receivables	35,271	-3,756	46,973	7,568
Increase (-)/Decrease (+) in operating liabilities	-52,825	28,685	8,944	9,946
Total changes in working capital	**-17,554**	**24,929**	**55,917**	**17,514**

Note 22 Share capital and reserves

A. Share capital

	Number of shares	Par value	Share capital
		SEK	SEK
January 1, 2022	62,372,831	0.05	3,118,642
Shares issued for cash	12,846	0.05	642
December 31, 2021	**62,385,677**	**0.05**	**3,119,284**
January 1, 2022	**62,385,677**	**0.05**	**3,119,284**
Shares issued for cash	0	0.05	0
December 31, 2022	**62,385,677**	**0.05**	**3,119,284**

All shares are in the same class and rank equally with regard to Saniona AB (publ)'s residual assets. Shareholders are entitled to dividends if and when declared and are entitled to one vote per share at the general meetings of the Group.

B. Nature and purpose of reserves

i. Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

ii. Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity instruments designated at FVOCI.

Note 23 Other financial liabilities

A. Composition

Other financial liabilities were comprised of the following:

GROUP

KSEK	2022-12-31	2021-12-31
Lease liabilities	5,064	9,999
Formue Nord Loan	70,636	82,973
Total non-current other financial liabilities	**75,699**	**92,972**
Lease liabilities	5,822	6,799
Total current other financial liabilities	**5,822**	**6,799**

PARENT

KSEK	2022-12-31	2021-12-31
Formue Nord Loan	70,636	82,973
Total non-current other financial liabilities	**70,636**	**82,972**

B. Lease liabilities

Lease liabilities as of December 31, 2022 are payable as follows:

KSEK	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	6,739	749	5,822
Between one and five years	5,150	256	5,064
Total	**11,889**	**1,005**	**10,886**

Total cash outflow for leases for the year 2022 was SEK 6.7 million, including security deposits totaling net income of SEK 0.3 million, hereof is SEK 0.4 million income from the deposits from the lease agreement for office space in Waltham, MA, United states, which ended June 2022. Total cash outflow for leases for the year 2021 was SEK 9.3 million, including security deposits totaling net SEK 0.5 million.

Note 24 Other liabilities

Other liabilities were comprised of the following:

GROUP

KSEK	2022-12-31	2021-12-31
Holiday fund obligation	2,392	—
Total non-current other liabilities	**2,392**	**—**
Holiday fund obligation	—	2,144
Accrued short-term employee benefits	—	23,894
Accrued employee social security tax and withholdings	139	2,635
Other	2,863	690
Total current other liabilities	**3,002**	**29,363**

PARENT

KSEK	2022-12-31	2021-12-31
Accrued employee social security tax and withholdings	139	208
Other	95	—
Total current other liabilities	**234**	**208**

Note 25 Financial instruments – Fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

i. Group

December 31, 2022	Carrying amount					Fair value			
	Financial assets at amortized cost	Mandatorily at FVTPL - others	FVOCI - equity instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Contingent consideration receivable	—	241	—	—	241	—	—	241	241
	—	**241**	—	—	**241**	—	—	**241**	**241**
Financial assets not measured at fair value									
Trade receivables	4,628	—	—	—	4,628	—	—	—	—
Other non-current financial assets	2,246	—	—	—	2,246	—	—	—	—
Other current financial assets	1,221	—	—	—	1,221	—	—	—	—
Cash and cash equivalents	111,707	—	—	—	111,707	—	—	—	—
	119,802	—	—	—	**119,802**	—	—	—	—
Financial liabilities not measured at fair value									
Trade payables	—	—	—	14,073	14,073	—	—	—	—
Formue Nord Loan	—	—	—	70,636	70,636	—	—	—	—
Lease liabilities	—	—	—	10,885	10,885	—	—	—	—
	—	—	—	**95,594**	**95,594**	—	—	—	—

December 31, 2021	Carrying amount					Fair value			
	Financial assets at amortized cost	Mandatorily at FVTPL - others	FVOCI - equity instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investment in equity instruments - privately-held	—	18,289	—	—	18,289	—	—	18,289	18,289
	—	**18,289**	—	—	**18,289**	—	—	**18,289**	**18,289**
Financial assets not measured at fair value									
Trade receivables	3,615	—	—	—	3,615	—	—	—	—
Other non-current financial assets	2,504	—	—	—	2,504	—	—	—	—
Other current financial assets	414	—	—	—	414	—	—	—	—
Cash and cash equivalents	356,855	—	—	—	356,855	—	—	—	—
	363,388	—	—	—	**363,388**	—	—	—	—
Financial liabilities not measured at fair value									
Trade payables	—	—	—	29,115	29,115	—	—	—	—
Formue Nord Loan	—	—	—	82,973	82,973	—	—	—	—
Lease liabilities	—	—	—	16,798	16,798	—	—	—	—
	—	—	—	**128,886**	**128,886**	—	—	—	—

ii. Parent Company

December 31, 2022	Carrying amount					Fair value			
	Financial assets at amortized cost	Mandatorily at FVTPL - others	FVOCI - equity instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value									
Cash and cash equivalents	2,228	—	—	—	2,228	—	—	—	—
	2,228	—	—	—	**2,228**	—	—	—	—
Financial liabilities not measured at fair value									
Trade payables	—	—	—	806	806	—	—	—	—
Loan	—	—	—	70,636	70,636	—	—	—	—
Payables to group companies	—	—	—	50,790	50,790	—	—	—	—
	—	**—**	**—**	**122,232**	**122,232**	**—**	**—**	**—**	**—**
December 31, 2021									
Financial assets not measured at fair value									
Cash and cash equivalents	12,106	—	—	—	12,106	—	—	—	—
	12,106	—	—	—	**12,106**	—	—	—	—
Financial liabilities not measured at fair value									
Trade payables	—	—	—	1,935	1,935				
Loan	—	—	—	82,973	82,973	—	—	—	—
Payables to group companies	—	—	—	6,436	-6,436	—	—	—	—
	—	**—**	**—**	**91,344**	**91,344**	**—**	**—**	**—**	**—**

B. Measurement of fair values

i. Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

KSEK	Contingent consideration
Balance, January 1, 2022	18,289
Cash received	-7,522
Exchange	—
Changes in fair value	-11,700
Foreign currency (included in “net gains/losses on financial items”)	1,174
Balance, December 31, 2022	**241**

ii. Sensitivity

For the fair values of the contingent consideration receivable (as of December 31, 2022), reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Profit or loss	
KSEK	Increase	Decrease
December 31, 2022		
Risk-neutral expected payments to the Group (+/- 1,000bps)	1,048	(1,048)
December 31, 2021		
Risk-neutral expected payments to the Group (+/- 1,000bps)	1,048	(1,048)

C. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

i. Risk management framework

The Parent Company's Board of Directors is ultimately responsible for the exposure, management and monitoring of the Group's financial risks. The Board of Directors sets the framework that applies to the exposure, management and monitoring of the financial risks and this framework is evaluated and revised yearly. The Board of Directors can decide on temporary departures from its predetermined framework.

ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents and its receivables from customers.

The carrying amounts of financial assets represent the maximum credit exposure.

Impairment losses on financial assets arising from credit risk were immaterial in the years ended 2022 and 2021 and have not been recognized.

Cash and cash equivalents

The Group held cash and cash equivalents of SEK 111.7 million and SEK 356.9 million as of December 31, 2022 and 2021, respectively. The Board of Directors' predetermined framework stipulates that surplus liquidity shall be held on the Group's bank accounts. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated P-1 (short-term) and Aa3 (long-term) based on Moody's rating. The Group monitors changes in credit risk by tracking published external credit ratings.

Trade receivables

The Group's exposure to credit risk from trade receivables is influenced mainly by the individual characteristics of each customer. For the years ended 2022 and 2021, the Group had a very narrow customer base of less than 5 customers, which were all pharmaceutical companies, resulting in a concentration of credit risk from trade receivables. The Group monitors payment history for each customer and their creditworthiness, as well as the economic environments in which they operate.

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's R&D efforts require significant investments. Absent any stream of predictable cash inflows from operations (revenue), the Group is dependent on its ability to raise capital in the future to finance its planned activities. The Group models its cash flow and cash position for the foreseeable future to determine if and when additional capital is required in order to meet its financial obligations. Refer to Note 2 *Basis of accounting* for a discussion regarding the Group's ability to meet its financial obligations and continue as a going concern.

The following are the remaining contractual maturities of financial liabilities, other than lease liabilities, that are expected to result in a cash outflow at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

December 31, 2022	Carrying amount	0-6 months	6-12 months	More than 12 months	Total
Formue Nord Loan	70,636	4,450	7,787	75,272	87,509
Trade payables	14,073	14,073	—	—	14,073
Total	**84,709**	**18,523**	**7,787**	**75,272**	**101,582**

December 31, 2021	Carrying amount	0-6 months	6-12 months	More than 12 months	Total
Formue Nord Loan	82,973	5,220	5,220	92,220	102,660
Trade payables	29,115	29,115	—	—	29,115
Total	**112,088**	**34,335**	**5,220**	**92,220**	**131,775**

i. Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters.

Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily SEK, Danish Krona ('DKK') and US dollar ('USD'). Operating and investing transactions in 2022 and 2021 were primarily denominated in those currencies.

The following significant exchange rates have been applied:

SEK	Average rate		Year-end spot rate	
	2022	2021	2022-12-31	2021-12-31
DKK 1	1.43418	1.3640	1.4971	1.3753
USD 1	10.1626	8.5869	10.3864	9.0234
EUR 1	10.6551	10.1449	11.1484	10.2269

The summary quantitative data about the Group's exposure to currency risk, expressed in the respective currency in which a financial asset or financial liability is denominated, is as follows:

	2022-12-31				2021-12-31			
	SEK	DKK	USD	EUR	SEK	DKK	USD	EUR
Investments in equity instruments – privately-held	—	—	23	—	—	—	2,027	—
Trade receivables	—	—	—	286	—	—	—	220
Cash and cash equivalents	87	492	5,553	113	144	1,114	4,617	2
Trade payables	140	5	649	306	106	373	1,831	283

Note 26 Investments in subsidiaries and intercompany transactions

A. List of subsidiaries

Specification of Parent Company's direct and indirect holding of shares and participations in Group companies:

Subsidiary / Domicile	Share of equity	Share of voting power	Carrying amount in Parent Company
			KSEK
Direct subsidiary			
Saniona A/S / Glostrup, Denmark	100%	100%	341,703
Indirect subsidiary			
Saniona Inc. / Waltham, MA, United States	100%	100%	—

Saniona, Inc. was established as a subsidiary of Saniona A/S in January 2020, and closed in December 2022.

B. Reconciliation of carrying amount in Parent Company

KSEK	2022	2021
Opening cost	359,908	929,244
Share right issue	—	108,764
Write-down of Share-based payments	-18,205	—
Reduction of carrying value of investment in subsidiary	—	-678,100
Closing cost	341,703	359,908
Carrying amount at year-end	**341,703**	**359,908**

C. Intercompany transactions

Purchases between the Parent Company and subsidiaries amounted to KSEK 15,585 (30,942) and sales between the Parent Company and subsidiaries to KSEK 3,418 (3,877). The Parent Company recognized interest expenses of KSEK 4,645 (income 5,875) pertaining to loans from subsidiaries. As of December 31, 2022, the Parent Company had payables of KSEK 50,790 due to subsidiaries (payables of 6,436 as of December 31, 2021).

Note 27 Related parties

A. Identification of related parties

Key management personnel include the Group's EXCOM, and the members of the Board. A few key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies. Cephagenix is also considered related party (since May 2021). Refer to Note 18 *Joint arrangement and investment in associates* for details regarding Cephagenix.

B. Key management personnel

Refer to Note 11 *Employee benefits* and Note 12 *Share-based payments* for details regarding the compensation of the Group's key management personnel.

In May 2022 the Group entered into a Consultancy Agreement with Chairman of the board, Jørgen Drejer, for provision of advisory services regarding Saniona's research and development, business development and financing effort. The fee is 80,000 DKK per month (SEK 120,000 per month). The Agreement can be terminated by either party with sixty days' notice.

Note 28 Proposed appropriation of funds

The following funds are at the disposal of the Annual General Meeting:

KSEK	
Share premium reserve	813,261
Profit/loss carried forward	-552,357
Profit/loss for the year	-42,336
Total*	**218,568**

The Board of Directors proposes that the funds at their disposal be carried forward.

Note 29 Subsequent Events to the Balance Sheet Date

On January 17, Saniona announced **successful preclinical in vivo validation** for treatment of migraine in the Cephagenix joint venture program.

On February 25, Saniona announced that its partner Medix **received favorable opinion** for tesofensine for the treatment of obesity and weight management in Mexico.

BOARD OF DIRECTORS DECLARATION

The Board of Directors and Chief Executive Officer declare that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU and give a true and fair view of the Group's financial position and results of operations. The annual accounts have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the Group's and the Parent Company's financial position and results of operations.

The Directors Report of the Group and Parent Company gives a true and fair view of the progress of the Group's and Parent Company's operations, financial position and results of operations, and states significant risks and uncertainty factors facing the Group and the Parent Company. The Income Statements and Balance Sheets will be submitted to the Annual General Meeting on May 25, 2023, for adoption.

Glostrup, Denmark, April 28, 2023

Jørgen Drejer – Chairman

Thomas Feldthus – CEO

Anna Ljung – Board member

Carl Johan Sundberg - Board member

Our Audit Report was presented on April 28, 2023

Deloitte AB

Jeanette Roosberg – Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Saniona AB (publ) corporate identity number 556962-5345

This is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original the latter shall prevail.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Saniona AB (publ) for the financial year 2022-01-01 - 2022-12-31. The annual accounts and consolidated accounts of the company are included on pages 19-73 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Material uncertainty related to going concern

We would like to draw attention to the board of directors report, the group´s consolidated financial statements, consolidated statement of cash flow for the group and note 2 in the financial statements, which state that the group 2022 had a negative result of -245,4 MSEK and a negative cashflow from operating activities of -281,5 MSEK and that current cash position is expected to fund the planned activities until January 31, 2024 when a loan from Formue Nord of 74,2 MSEK becomes payable. There is a risk that the company will not be able to retain or obtain additional partnerships or obtain other co-financing on acceptable terms or at all. This could result in a temporary halt to the Company´s development programs or that the Company is forced to run operations at a lower rate than desired, which could adversely affect the Company´s operations. In summary, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of investments in subsidiary

In the Balance Sheet of the Parent company as of 31 December 2022, the investments in subsidiaries accounts to 342 MSEK (360). The valuation of the accounted assets is dependent on the future cash flow from the subsidiary. The subsidiary leads all research and development in the group. Saniona has assessed this impairment test related to the valuation of the investment in subsidiary. Any changes of the judgements or assumptions could have an effect on the result and financial position of the parent. For further information refers to the accounting principles of the parent company in note 7 and investments in subsidiaries in note 26 in the annual accounts.

Our audit procedures

Our audit procedures concluded, but where not limited to:

- review of the group´s principles and routines to identify indications that could result in an impairment, and
- review of the parent company´s assessment to assure relevant assumptions and routines are consistent, and that integrity is included in the calculations.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages Board´s remuneration report, pages 1-18 and 78-92. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar This description forms part of the auditor´s report".

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Saniona AB (publ) for the financial year 2022-01-01 - 2022-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description forms part of the auditor´s report.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Saniona AB for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Saniona AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e., if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

Deloitte AB, was appointed auditor of Saniona AB by the general meeting of the shareholders on the 2022-05-25 and has been the company's auditor since 2014-02-19.

Malmö April 28, 2023

Deloitte AB

Jeanette Roosberg

Authorized Public Accountant

CORPORATE GOVERNANCE REPORT

Introduction

Saniona AB (publ), Corporate Registration Number 556962- 5345, the Parent Company and its subsidiaries, collectively the Group, is a publicly listed biopharmaceutical company focused on discovering, developing, and delivering innovative treatments for rare disease patients around the world.
The Parent Company is a public limited liability company registered and headquartered in the municipality of Malmö in the county of Skåne, Sweden. The address of the head office is Smedeland 26B, DK-2600, Glostrup, Denmark.

Saniona is listed on Nasdaq Stockholm Small Cap (OMX: SANION). Saniona applies the Swedish Corporate Governance Code (the "Code") completely. This Corporate Governance Report has been prepared in accordance with the Annual Accounts Act and the Code and audited by the company's auditor in accordance with RevR16.

Application of and departure from the Swedish Code of Corporate Governance

The Code applies to all Swedish companies whose shares are listed on a regulated marketplace in Sweden. The company is not obliged to adhere to all the regulations of the Code and is free to adopt alternative solutions deemed more suitable to its circumstances, provided that potential departures are reported, the alternative solution described, and the reasons explained (Comply or Explain principle) in the Corporate Governance Report.

Saniona is today listed on Nasdaq Stockholm Small Cap and follows the applicable rules of the Swedish Companies Act, the regulations and recommendations resulting from the Nasdaq Stockholm's Rule Book for Issuers, the Code, as well as generally accepted practices in the stock market. Saniona did not depart from the Code in 2022.

Compliance with Swedish stock market regulations and accepted stock market practice

Saniona has not been subject to any ruling by Nasdaq Stockholm's disciplinary commission or statements by the Swedish Securities Council relating to breaches of Nasdaq's regulatory framework for issuers or generally accepted accounting practices on the stock market in the 2022 fiscal year.

Ownership structure, share capital and voting rights

On December 31, 2022, the company had 10,145 (9,289) shareholders excluding holdings in life insurance and foreign custody account holders.

The largest shareholder is Avanza Pension with 6.7 percent (5.5) of the share capital and voting rights. The ten largest shareholders jointly accounted for 27.11 percent (48.6) of the share capital and voting rights.

Saniona's share capital totaled SEK 3,119,284 divided between 62,385,677 shares as of December 31, 2022. As of December 31, 2022, Saniona's share capital totaled SEK 3,119,284 divided between 62,385,677 shares. There is only a single share class. All shares have a quotient value of SEK 0.05 and one vote and confer equal entitlement to the Company's assets and profits. Saniona's Articles of Association have no limitations regarding the number of votes each shareholder may cast at the general meeting.

Dividend policy

Saniona may generate income through upfront payments, milestone payments, royalty payments and upon exits in relation to the sale of spin-outs. The Board of Directors has decided upon a residual dividend policy. This means that Saniona will only pay a dividend on net income and internally generated equity after it has reserved capital to finance continued development and expansion of the business, including its product pipeline. The Board of Directors' intention at present is to use any future profits made by Saniona to finance continued development and expansion of the business. Regular dividends will only be paid once the company has a product on the market and the company records annual net income through royalty payments. Consequently, the Board of Directors does not intend to propose any dividend within the foreseeable future.

The Board of Directors proposes that no dividend be distributed for the 2022 fiscal year.

Authorization for the Board of Directors regarding new issues

At the Annual General Shareholders' Meeting held on May 25, 2022, it was resolved, in accordance with the proposal from the Board of Directors, to authorize the Board, within the limits of the company's Articles of Association, at one or several occasions, during the time up until the next annual shareholders' meeting, with or without deviation from the shareholders' preferential rights, to resolve to issue new shares, warrants and/or convertibles. An issue should be able to be made with or without provisions regarding contribution in kind, set-off or other conditions. In case the authorization is used for an issue with deviation from the shareholders' preferential rights, the subscription price shall be on market terms (subject to customary new issue discount, as applicable). The purpose of the authorization is to be able to source working capital, to execute and finance acquisitions of companies and assets as well as to enable new issues to industrial partners within the framework of partnerships and alliances.

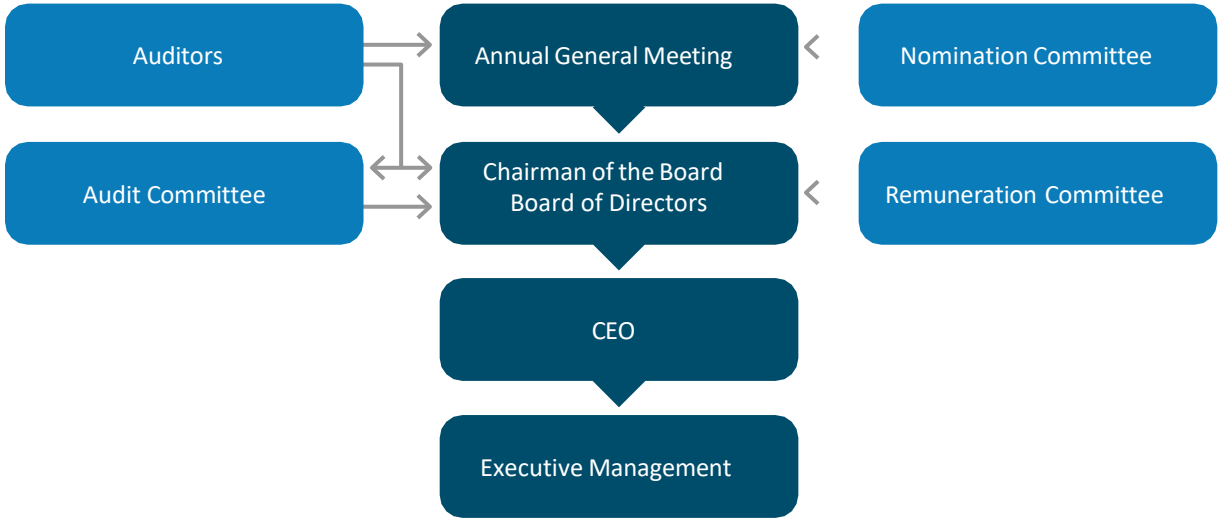
Corporate governance within Saniona

Saniona's internal controls and corporate governance are based on applicable legislation/regulations and on sector-specific parameters considered significant to the company. The control system encompasses all applicable regulatory frameworks as well as the specific demands Saniona places on its operations.

The internal control and corporate governance framework provide overall control of all critical stages relating to the company. This provides Saniona's Board of Directors and executive management with the conditions required to control and govern operations so that they satisfy the stringent demands of the company, the market, the stock market, the shareholders and the authorities.

Multiple external regulations, including but not limited to the Code and the Swedish Companies Act, as well as multiple internal policies and documents as are prudent for effective internal control, form the basis of Saniona's corporate governance.

Saniona's corporate governance structure is presented in the figure below and further described in the following subsections.



Annual General Meeting

The annual general meeting, or as applicable, the extraordinary general meeting, is the primary meeting within Saniona where all shareholders can take part. For example, the general meeting resolves on amendments to the Articles of Association, election of members of the Board and auditors, adoption of the income statement and balance sheet, the discharge of the Board of Directors and the CEO from personal responsibility, appropriation of the profit or loss, the principles for the establishment of a Nominating Committee and the guidelines for remuneration of senior executives. Shareholders wishing to raise a matter at the annual general meeting must submit a written request to the Board of Directors. Such a request shall normally be received by the Board of Directors no later than seven weeks prior to the general meeting, to allow time for the request to be considered prior to the notice of the annual general meeting being issued.

The general meeting is to be held in Malmö. Notice of annual general meetings should be made no earlier than six weeks and not later than four weeks before the meeting if the agenda includes an amendment of the Articles of Association. The notice of other general meetings should be made no earlier than six weeks and not later than three weeks prior to the meeting. Notice of a general meeting is announced in the Swedish Official Gazette (Sw. Post- och Inrikes Tidningar) and on the company's website. An announcement that a meeting has been convened is published in the Swedish daily newspaper Svenska Dagbladet.

A shareholder, who has been duly registered as such with Euroclear Sweden AB, may attend and vote at the general meeting in person or by proxy. A shareholder wishing to attend the general meeting must notify Saniona of his intention to attend. The manner in which to notify Saniona is described in the notice convening the general meeting.

Annual General Meeting 2022
The annual general meeting 2022 was held on May 25, 2022. The meeting was attended by 18 shareholders in person or by proxy, representing approximately 14 percent of the total voting rights. Lawyer Ola Grahn was elected as Chairman of the meeting. The AGM passed the following resolutions:

- Resolution on adoption of accounts and distribution of the company's profit, including that no dividends are paid for the financial year 2021 and that available funds are carried forward to a new account.
- Resolution on discharge from liability in relation to the company for the members of the Board and the CEO for the 2021 fiscal year.
- Re-election of Jørgen Drejer, Anna Ljung, and Carl Johan Sundberg as ordinary board members. Jørgen Drejer was re-elected as chairman of the board.
- Re-election of Deloitte AB as the auditing firm. It was noted that Deloitte AB had informed that Jeanette Roosberg will be the auditor in charge.
- Remuneration of the Chairman of the Board, the members of the Board and the auditor.
- Approval of instruction and charter for the Nomination Committee.
- Resolution on remuneration of Nomination Committee.
- Resolution on approval of Remuneration Report.

Extraordinary General Meeting August 2022
An extraordinary general meeting was held on August 18, 2022. The meeting was attended by 10 shareholders in person or by proxy representing approximately 4.76 percent of the total voting rights. Lawyer Ola Grahn was elected as Chairman of the meeting. The extraordinary general meeting passed the following resolutions:

- Resolution on employee option program; and directed issue of warrants and approval of transfer of warrants.

Annual General Meeting 2023
The annual general meeting 2023 will be held at Setterwalls Advokatbyrå AB's office at Stortorget 23, Malmö, Sweden on 25 May 2023 at 10am CET.

Nomination Committee

The 2022 annual shareholders' meeting resolved, in accordance with the proposal from the Nomination Committee, that a Nomination Committee shall be appointed before coming election and remuneration. The Nomination Committee shall be comprised of three members, which shall be the chairman of the board of directors and two members appointed by the two largest shareholders as of September 30, 2022. Furthermore, an instruction and charter for the Nomination Committee was adopted.

If one of the two largest shareholders abstains from appointing an owner representative, or such owner representative resigns before the assignment is completed without the relevant shareholder appointing a new member, the Chairman of the Board is to request the next owner in line (e.g. initially the third-largest owner) to appoint an owner representative within one week of such request. The procedure shall be continued until the Nominating Committee consists of three members.

If there is a significant change in ownership six weeks prior to the Annual General Meeting, a new owner representative shall be elected. The Chairman shall then contact the one of the two largest shareholders who does not have an owner representative and ask him to appoint one. The new owner representative is to replace the previous member of the Nomination Committee who no longer represents one of the two largest shareholders.

The Nominating Committee shall appoint the Chairman of the Nomination Committee. The Chairman of the Nomination Committee must not be the Chairman or any other member of the Board. The term of office of the appointed Nominating Committee shall run until a new Nomination Committee has been appointed.

In 2022/2023, the Nomination Committee held one (2021/2022: three) meetings and also maintained contact by telephone. As a basis for its work, the Nomination Committee has taken note of the Chairman's presentation of the Board's work. The Nomination Committee has prepared proposals to the annual general meeting, including proposals for Board members, remuneration of Board and Committee members, proposals for auditors and fees to the auditors and the Chairman of the AGM, and proposals for remuneration of Nomination Committee members. When preparing its proposals, the Nomination Committee has applied paragraph 4.1 of the Code as its Diversity Policy.

Shareholders who would like to submit proposals to the Nomination Committee can do so via e-mail to clo@saniona.com marked "Recommendation to the Nomination Committee" or by ordinary mail to the address: Saniona AB, Attn. Nomination Committee, Smedeland 26B, DK-2600 Glostrup, Denmark.

The composition of the Nomination Committee for the 2023 Annual General Meeting was announced in a press release on November 25, 2022 and is as follows:

Name/Represented	Share of votes December 31, 2022
John Haurum Professional board member of life science companies and former CEO of F-star Biotechnology Limited Cambridge, UK Appointed by Jørgen Drejer	3.79%
Søren Skjærbæk (Chair) Owner of Ursus law firm, Vejle, Denmark Appointed by Dan Peters	2.24%
Jørgen Drejer Chairman of Saniona AB's Board	*
Total	6.03%

*Share of votes represented by John Harum

Board of Directors

The Board of Directors is the highest decision-making body under the annual general meeting.
The Board is responsible for the company's organization and management of the company's affairs, for example by setting objectives and strategy, establishing procedures and systems for monitoring of the established objectives, continuously assessing the company's financial position and the operational management. Furthermore, it is the Board's responsibility to ensure that accurate information is provided to the company's stakeholders, that the company complies with laws and regulations and that the company develops and implements internal policies and ethical guidelines. The Board also appoints the CEO and determines the salary and other remuneration of the latter based on the guidelines adopted by the general meeting.

The work of the Board of Directors is regulated by applicable legislation and recommendations, and by the Board of Directors' rules of procedure, which are adopted annually. The rules of procedure contain stipulations regulating the division of responsibilities between the Board of Directors and the CEO, financial reporting and audit matters. At the statutory Board meeting, the Board of Directors adopts other requisite rules of procedure, policies and guidelines that form the basis of the company's internal regulatory framework.

Composition of the Board
Members of the Board are to be appointed for a period extending no longer than to the end of the next annual general meeting.

Pursuant to the company's Articles of Association, the Board of Directors shall be composed of not fewer than three and not more than eight ordinary members.

Prior to the annual general meeting in May 2022, the Board consisted of six members. Three of the existing Board members (Jørgen Drejer, Anna Ljung and Carl Johan Sundberg) were re-elected, and three other board members (J. Donald deBethizy, Robert E. Hoffman and Edward Saltzman) were not re-elected, at the AGM May 2022.

One of the current board members is a woman and two are men. The company will continue to pursue the objective of achieving a better diversity. For more information about the Board, see "Board of Directors".

Independence
The company complies with the Code such that the majority of the Board members elected at the annual general meeting are independent of the company and management, and that at least two of them are independent in relation to the major shareholders. In 2022, two of the three Board members were independent of the company and its management, and all Board members were independent in relation to major shareholders, defined as greater than 10 percent ownership.

Chairman of the Board
The Chairman represents the Board of Directors externally and internally. The Chairman leads the Board's work, monitors the work and assumes responsibility for the Board completing its duties according to applicable legislation, the Articles of Association, the Code and the Board of Director's rules of procedure.

The Chairman shall monitor the company's progress through contact with the CEO, consultation with the CEO on strategic matters and by ensuring that strategic considerations are recorded and addressed by the Board of Directors. The Chairman is also to ensure that the Board of Directors, through the CEO, receives information on the company on an ongoing basis to enable analysis of the company's position.

The Chairman is responsible for contacts with the shareholders regarding ownership issues and for communicating the shareholders' views to the Board.

Evaluation of the work of the Board of Directors
The Board evaluates its work at least annually. The work is evaluated along various parameters such as whether the number of Board meetings and their duration are appropriate, the quality of the Board material, whether the agenda items are relevant and comprehensive, the preparedness and performance of individual Board members, the composition of the Board and desirable experience of potential new Board members, the role and performance of the Chairman and the executive management. The conclusions are included in the minutes and shared with the Nomination Committee.

Number of meetings
The Board is to meet at least six times per year, usually in conjunction with the publication of interim and annual financial statements and the AGM. Additional meetings or teleconferences are convened as necessary. The Board carries out an in-depth strategic review of the operations during at least one Board meeting each year.

The Board's work in 2022
In 2022, the Board held a total of 19 (9) meetings, of which 5 (6) were scheduled and 12 (3) were unscheduled. In addition, the Board passed additional resolutions on 2 (8) occasions through written resolutions. Saniona's CEO and CFO participate in Board meetings. Other Saniona employees participate, and present reports as needed.

Board committees
The company has established two committees to support the Board: the Audit Committee and the Remuneration Committee. The Board has adopted rules of procedure for both committees.

	Elected	Independence	Audit Committee	Remuneration Committee	Attendance Board of Directors	Attendance Audit Committee	Attendance Remuneration Committee
Jørgen Drejer**	2014	No			19/19		
Carl Johan Sundberg	2015	Yes	Member	Chair	19/19	2/4	
Anna Ljung	2018	Yes	Chair	Member	19/19	4/4	
J. Donald deBethizy*	2018	Yes			9/19		2/2
Robert E. Hoffman*	2021	Yes			9/19	2/4	
Edward Saltzman*	2019	Yes			9/19		2/2

* At AGM May 25, 2022, J. Donald deBethizy, Robert E. Hoffman and Edward Saltzman stepped down from the Board of Directors.
** At AGM May 25, 2022, Jørgen Drejer was elected as new Chairman of the board.

The Audit Committee

The main task of the Audit Committee is to oversee the company's financial position, to monitor the effectiveness of the company's internal control, internal audit and risk management, to keep itself informed of the audit of the annual accounts and consolidated accounts and to review and monitor the independence of the auditor. The Audit Committee is also to assist the Nomination Committee in the proposal for a decision on the choice of and remuneration of the auditor. The Audit Committee consists of two members, all of whom are independent of management. From January 2022 until May 24, 2022, the Audit Committee was composed of Robert E. Hoffman (Chairman) and Anna Ljung. Following the annual general meeting held on May 25, 2022, Anna Ljung was elected as chairman of the Audit Committee, with Carl Johan Sundberg as member.

The Remuneration Committee

The Remuneration Committee is to primarily propose guidelines and principles for remuneration and other terms of employment of the CEO and senior executives. The Remuneration Committee is also to monitor and evaluate ongoing and completed application for variable remuneration of executive management and monitor and evaluate the implementation of the guidelines for remuneration of senior executives as resolved by the annual general meeting. From January to May 24, 2022, the Remuneration Committee consisted of Edward C. Saltzman (Chairman) and J. Donald deBethizy. Following the annual general meeting held on May 25 2022, Carl Johan Sundberg was elected as chairman of the Remuneration Committee, and Anna Ljung as a member.

Chief Executive Officer and other executive managers

The CEO is appointed by the Board of Directors. The CEO's work follows the written instructions adopted annually by the Board of Directors at the statutory Board meeting.

The instructions for the CEO regulate customary areas such as the CEO's undertaking in relation to the company and the Board of Directors, including responsibility for presenting expedient reports to the Board of Directors relevant to the Board's completion of its evaluation of the company. The CEO is to ensure that ongoing planning, including business plans and budgets, is completed and presented to the Board of Directors for resolution.

The CEO shall exercise good leadership in the management of operations to ensure that the company progresses according to plan and follows the strategies and policies adopted. When departure from these plans and special events of a significant nature is feared, the CEO must immediately inform the Board of Directors through the Chairman. The CEO is to ensure that the company's operations, including its administration, are organized so that they satisfy market requirements, and efficient and secure organizational control of operations.

Within the framework of the directives provided by the Board of Directors for the company's operations, management deals with consultation regarding, and monitoring of, strategies and budgets, the distribution of resources, the monitoring of operations and preparation for Board meetings.

In 2022 until April 29, 2022, executive management consisted of Saniona's Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Human Resources Officer (CHRO), Chief Medical Officer and Head of Clinical Development (CMO), Chief Scientific Officer (CSO), Chief Business Officer (CBO), Chief Technical Operations Officer (CTOO), Chief Corporate Affairs Officer (CCAO) and Chief Legal Officer (CLO).

From April 30, 2022, executive management consisted of Saniona's Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Scientific Officer (CSO), Chief Development Officer (DDO) and EVP, Research. For information about current executive management, see "Management" below.

For information about salaries and remuneration of the CEO and senior executives, see the table under remuneration on next page and note 11.

Remuneration of the Board of Directors and Executive Management

The annual general meeting resolves on remuneration of the Chairman of the Board and other Board members. The annual general meeting also resolves on guidelines for remunerating the CEO and other senior executives.

At the annual general meeting held on May 25, 2022, it was resolved that Board remuneration shall be paid with SEK 350,000 to the chairman of the Board, with SEK 200,000 to each of the members of the Board, who are not employed by Saniona or any of its subsidiaries. In addition, it was resolved that remuneration for committee work shall be paid with SEK 100,000 to the chairman of the Audit Committee, with SEK 50,000 to each of the other members of the Audit Committee and with SEK 30,000 to each member of the Remuneration Committee, provided that no remuneration for committee work shall be paid to members of the Board, who are employed by Saniona or any of its subsidiaries.

At the annual general meeting on May 6, 2020, it was resolved to adopt guidelines for remuneration to senior executives. The guidelines are included in this document, within the Board of Director's Report. In general, Saniona shall offer remuneration that enables the company to recruit and retain senior executives. The CEO and other senior executives shall be offered a fixed annual cash salary. In addition to fixed salary, the CEO and other senior executives may, according

to separate agreements, receive variable cash remuneration, which is intended to promote Saniona's business strategy and long-term interests, including its sustainability. Pension benefits (for Danish employees), and a US-based 401(k) Retirement Plan, shall be defined contribution, given that no senior executive is covered by defined benefit pension under mandatory collective bargaining agreements. Other benefits may include life insurance, medical insurance, dental insurance, vision insurance, flexible spending accounts, and other customary benefits as may be considered reasonable in relation to market practices. Senior executives shall be employed until further notice or for a specified period of time. Upon termination of an employment by Saniona, the notice period may not exceed 12 months. Fixed cash salary during the notice period and severance pay may not together exceed an amount corresponding to the fixed cash salary for 24 months. Upon termination by the senior executive, the notice period may not exceed six months, without any right to severance pay. In addition to fixed cash salary during the period of notice and severance pay, additional remuneration may be paid for non-compete undertakings.

The Board of Directors may temporarily resolve to deviate from these guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability.

The board of directors have proposed for the 2023 annual general meeting updated guidelines for remuneration to senior executives caused by the company's restructuring actions that were carried out during the spring of 2022, which included i.a. work force reductions and closing of its U.S. operations, with the implication that previous provisions of the remuneration guidelines targeted for U.S. employees no longer are applicable or serve any purpose.

The 2022 remuneration of the Board of Directors and senior executives is set out below.

SALARIES AND REMUNERATION FOR THE YEAR 2022 GROUP AND PARENT COMPANY

KSEK	Board fee	Fixed salary	Variable salary	Pension costs	Share based payment c)	Reversed share based payment c)	Social security expenses	Other staff expenses	Total
Jørgen Drejer, Chairman	204	—	—	—	154	—	—	—	358
J. Donald deBethizy b)	268	—	—	—	156	—	84	—	508
Carl Johan Sundberg, Board member	322	—	—	—	156	—	101	—	579
Anna Ljung, Board member	192	—	—	—	—	—	—	—	192
Edward Saltzman b)	186	—	—	—	120	-361	—	—	-55
Robert Hoffman b)	213	—	—	—	—	—	—	—	213
Nomination committee members	60	—	—	—	—		—	—	60
Total Board a)	**1,445**	**—**	**—**	**—**	**586**	**-361**	**185**	**—**	**1,855**
Thomas Feldthus, CEO d)	—	1,312	707	287	560	—	3	9	2,878
Rami Levin (former CEO) f)	—	12 013	—	80	1,632	-5,875	459	2	8,311
Jørgen Drejer (former deputy CEO) e)	—	1,022	—	—	—	—	2	7	1,031
Other EXCOM d)	—	31,098	342	971	4,022	-17,010	655	70	20,148
Total EXCOM	**—**	**45,445**	**1,049**	**1,338**	**6,214**	**-22,885**	**1,199**	**88**	**32,368**
Other Employees	—	41,917	371	2,048	2,424	-3,959	4,718	481	48,000
Total	**1,445**	**87,362**	**1,420**	**3,386**	**9,224**	**-27,205**	**6,022**	**569**	**82,223**

a) The board fee relates to fee in the Parent Company.
b) At AGM May 25, 2022, J. Donald deBethizy, Edward Saltzman and Robert Hoffman stepped down from the Board of Directors.
c) These transactions do not involve payment and do not affect the company's cash flow.
d) On April 30, 2022, Saniona appointed Thomas Feldthus as CEO, Anita Milland as CFO, Karin S. Nielsen as CSO, Janus Schreiber as CDO and Palle Christophersen as EVP, Research, and at the same time Rami Levin resigned as CEO, together with all other US employees, when Saniona Inc was closed.
e) On April 30, 2022, Jørgen Drejer resigned as CSO and deputy CEO, and stepped in as interim Chairman of the Board, and was elected as Chairman of the Board at the AGM May 25, 2022.
f) On April 30, 2022, Rami Levin resigned as CEO. Rami Levin's fixed salary payment in 2022 includes a severance payout of SEK 9.9 million.

Auditors

Saniona's auditor is the auditing firm Deloitte AB, with Authorized Public Accountant Jeanette Roosberg as auditor in charge.

Deloitte has been Saniona's auditor since the formation of the Group in 2014. At the annual general meeting on May 25, 2022, Deloitte was elected as auditor until the end of the 2023 annual general meeting.

The external auditors discuss the external audit plan and risk management with the Audit Committee. In 2022, the auditors performed a review of the interim report for the third quarter and audited the annual accounts and consolidated financial statements. The auditors also express an opinion on whether this Corporate Governance Report has been prepared in accordance with the Annual Accounts Act.

The auditor reports the results of their audit of the annual accounts and consolidated financial statements in the audit opinion to the annual general meeting. In addition, the auditors present detailed findings from their reviews to the Audit Committee and to the Board of Directors in its entirety once per year.

For information regarding fees for the company's auditors, see note 10.

Internal control and risk management systems in relation to financial reporting

The Board of Directors is ultimately responsible for the internal control of the company. The responsibility is governed by the Swedish Companies Act, the Annual Accounts Act and the Code. The Board of Directors is required to ensure that Saniona has enough formalized procedures for ensuring compliance with established principles for financial reporting and internal control. The procedures for internal control with respect to financial reporting have been designed to ensure reliable and accurate reporting in accordance with IFRS, applicable laws and regulations as well as other requirements that apply to companies listed on Nasdaq Stockholm. Saniona has decided to adopt the COSO framework as a basis of internal control of financial reporting. The framework consists of the following five components: control environment, risk assessment, control activities, information and communication and monitoring.

Control environment

The control environment constitutes the basis of Saniona's internal control. The control environment comprises a clear organizational structure, decision-making processes, powers and responsibilities that are documented and communicated in governing documents. The guidelines for Saniona's business activities include the following:

- Rules and procedure for the Board of Directors and the instruction to the CEO;
- Saniona's business model, vision, strategies, objectives, business plans and values;
- Saniona's Code of Conduct;
- Organizational structure and descriptions of positions; and
- Administrative processes, guidelines and instructions such as powers, authorization instructions, risk policy, finance policy, instruction for financial reporting and the finance manual.

The governing documents such as internal policies, guidelines and instructions relating to financial reporting have been adopted by the Board of Directors to ensure an effective control environment.

In accordance with the instruction to the CEO, the CEO is to keep the Board of Directors continuously informed about the development of the company's operations, profit/loss and financial position as well as other events that are likely to be significant to the company and its shareholders. The CEO is also responsible for preparing reports and compiling information from management before Board meetings and to present the material at Board meetings.

The CFO is responsible for ensuring that internal controls are performed and obeyed, and that continuous work is conducted to strengthen the internal control of financial reporting. The responsibility and duties of the CFO, inter alia, are regulated in detail in the company's finance policy, instruction for financial reporting and the financing manual.

The Audit Committee is responsible for ensuring that the internal control regarding financial reporting and reporting to the Board of Directors is effective. The Audit Committee performs regular, periodic reconciliations with the company's CFO. In addition, the Audit Committee reviews and evaluates Saniona's internal control annually.

Risk assessment

At least once a year, the CFO conducts an overall risk assessment to assess the risk exposure in Saniona with regards to financial reporting, as well as identify potential problem areas. The risk assessment includes identifying risks that Saniona's external and internal financial reporting is not prepared in accordance with applicable accounting standards. A review takes place to ensure that the company has an infrastructure that enables effective and expedient control, and an assessment of the company's financial position and significant financial, legal and operational risks.

On an annual basis, the CEO and CFO conducts an operational risk assessment to identify and analyze relevant events and risks that could have a negative impact on Saniona's ability to achieve its set goals.

Control activities

To ensure that business is conducted efficiently, and that financial reporting gives a fair and accurate impression on each reporting date, control activities are implemented to address risks at all levels of the organization. Control activities include manuals,

processes and policies that ensure that directives and decisions are implemented.

The aim of the control activities is to prevent and detect errors and irregularities with regards to the financial reporting, and to propose subsequent corrective actions should any such irregularities occur. Activities include analytical monitoring and comparison of financial performance; account reconciliation; monitoring, approval and reporting of business transactions and partnership agreements, policies and procedures; mandate and authorization instructions, as well as accounting and valuation principles.

The CFO is responsible for maintaining internal controls and ensuring that they are developed as necessary. The CFO monitors the operations through a variety of control measures, such as forecasts and budgets, income statement and balance sheet analyses and reconciliations. The result of this work is reported to the CEO, the Audit Committee and/or the Board of Directors.

Saniona's CFO is responsible for the recording and accounting financial transactions and ensuring that the performed transactions comply with the established signatory powers and authorization powers. The CFO reviews the project costs and activities together with project and line management on quarterly basis. Furthermore, several control activities are carried out on monthly basis to further detect and correct errors and deviations. The results are presented to the CEO on monthly basis.

Information and communication

The company has information and communication paths intended to promote the accuracy of financial reporting and ensure reporting and feedback from operations to the Board of Directors and management. The information and communication procedures are described in several governing documents such as internal policies, guidelines and instructions relating to financial reporting. These documents are made available in company-wide IT drives and presented to the relevant employees.

In addition to written information, news, risk management and control, results are orally communicated and discussed in physical meetings. Meetings are held within the company in the management team as well as at meetings at which all employees participate. The Board of Directors receives quarterly financial updates relating to the company's financial position and performance.

To ensure timely communication of relevant, reliable and accurate information concerning Saniona's development and financial status to the market, the company has established procedures for providing external information and financial reporting. The information policy and the procedures include a description of the roles and tasks of the employees, finance department, executive management and Board as well the procedures in relation to publication of financial reports and press releases.

All financial reports and press releases are published on the company's website and forwarded to the Board of Directors and all employees in connection with their publication.

Monitoring

The Board of Directors and the Audit Committee decide on the forms of monitoring activities of internal controls. The CFO is responsible for ensuring that internal controls are maintained in accordance with the Board of Directors' and the Audit Committee's decisions.

The Board of Directors is regularly updated on the company's financial position and profit/loss against budget as well as on development projects in relation to the relevant project budgets. The CEO and CFO present a written report at each regular Board meeting, or when the need arises.

The Audit Committee monitors the audit of internal controls. The company's external auditors personally report their observations and assessment of internal controls to the Audit Committee.

Internal audit

In view of the company's size, with relatively few employees, and the scope of transactions, in which most significant transactions are similar in character and relatively uncomplicated, Saniona has not found it necessary to establish a formal internal audit function but has chosen to conduct monitoring and the annual evaluation of compliance with the internal control and risk management related to financial reporting through the existing organization. The Board of Directors and Audit Committee perform an annual assessment of whether there is a need for an internal audit function.

BOARD OF DIRECTORS

Jørgen Drejer

Board member since 2014; Chairman since 2022

Jørgen Drejer (born 1955) is a neurobiologist with more than 30 years of experience in discovering and developing novel approaches to modulate pathways within the brain. His research has led him to found multiple companies and publish more than 75 scientific articles.

Drejer founded Saniona in 2011, served as founding Chief Executive Officer until January 2020 and now serves as chairman of the Saniona board of directors. Prior to founding Saniona, he co-founded NeuroSearch A/S in 1989, holding various leadership roles including deputy CEO and head of research over a 20-year period in which NeuroSearch became a major European biotechnology company. Drejer holds a PhD in neurobiology from the University of Copenhagen.

Drejer has served on the Saniona board since 2012. He previously served as a member of the Board of Directors for NeuroSearch A/S, Origio A/S, NsGene A/S, Atonomics A/S, Azign Bioscience A/S, Ellegaard Göttingen Minipigs ApS, Force Technology, Monta Biosciences A/S and 2CureX AB.

Drejer is not independent in relation to Saniona and its management but is independent in relation to major shareholders.

He holds 2,364,711 shares and 77,000 warrants in the warrant program 2020/2024.

Anna Ljung

Board member since 2018

Anna Ljung (born 1980) is CEO of Moberg Pharma AB, a publicly-traded Swedish pharmaceutical company focused on drug delivery within dermatology. In addition to serving as CEO of Moberg Pharma, she also currently serves as Chairman of OncoZenge AB, a publicly-traded Swedish pharmaceutical company, board member of ADDvise AB, a publicly-traded Swedish healthcare and research facilities company, and Chairman of Moberg Derma Incentives AB. Prior to becoming CEO of Moberg, Ljung served as the company's Chief Financial Officer for 13 years, and prior to that she was CFO at Athera Biotechnologies AB and Controller for Lipopeptide AB. She also previously was an independent consultant within the field of technology licensing. Ljung received her M.Sc. in Economics and Business Administration from Stockholm School of Economics. Additional previous board positions have included MPJ OTC AB and Advantice Health AB. Ljung is independent in relation to both Saniona and its management as well as major shareholders.

She holds 4,629 shares; 4,000 warrants in the warrant program 2018/2024; 4,000 warrants in the warrant program 2019/2023; and 77,000 warrants in the warrant program 2020/2024.

Carl Johan Sundberg

Board member since 2015

Carl Johan Sundberg (born 1958) is a physician and professor with extensive experience in healthcare entrepreneurship, investment and communication. He currently serves as the Chair of the Department of Learning, Informatics, Management & Ethics at the Karolinska Institutet, Stockholm. He also currently serves as a board member for Arne Ljungqvist Anti-doping Foundation AB and Medkay Konsulting AB. Sundberg's affiliation with Karolinska Institutet spans over 35 years and includes work in molecular and applied exercise physiology in healthy individuals and patients, medical innovation and bioentrepreneurship. He also cofounded and managed Karolinska Investment Fund, a EUR 60 million biomedicine venture capital fund. His communications experience includes previous working periods with Svenska Dagbladet (a large morning daily) and ABC Television, U.S. He serves in membership and advisory positions with the Royal Swedish Academy of Engineering Sciences, Swedish Professional Associations for Physical Activity, Research!Sweden and the World Anti-Doping Agency. Sundberg earned his medical degree and Ph.D. from Karolinska Institutet. Previous board positions include Cobra Biologics Holding AB, Hypercure Medical AB, Karolinska Development AB and NsGene A/S. Sundberg is independent in relation to both Saniona and its management as well as major shareholders.

He holds 49,800 shares; 4,000 warrants in the warrant program 2018/2024; 4,000 warrants in the warrant program 2019/2023; and 77,000 warrants in the warrant program 2020/2024.

EXECUTIVE MANAGEMENT

Thomas Feldthus

Chief Executive Officer

Thomas Feldthus (born 1960) is an entrepreneur with extensive management experience within the life science industry.

Feldthus re-joined Saniona as CEO in 2022 after having served as vVD and CFO from 2012 to 2020. Previously, he served as CFO of Symphogen A/S, Investment Associate at Novo A/S and Corporate Development Manager at Novo Nordisk A/S. He is a co-founder of Saniona, Scandion Oncology A/S, Initiator Pharma A/S, Symphogen A/S, Ataxion Inc. and Leukotech ApS.

Feldthus serves as Chairman of the board of directors for Rehaler ApS and as a member of the board of directors for Synklino A/S and ResoTher Pharma ApS.

Feldthus earned his M.Sc. in Management and Economics from the University of London, Fellow of the London Business School Sloan Program from London Business School (LBS), Graduate Diploma in Business Administration (Marketing Management) from Copenhagen Business School (CBS), and M.Sc. in Engineering from the Technical University of Denmark (DTU).

Feldthus holds 1,661,928 warrants in the warrant program 2022 and 965,000 shares.

Anita Milland

Chief Financial Officer

Anita Milland (born 1968) has more than 25 years of experience in the pharmaceutical industry, within finance, administration and investor relations.

She served as CFO for Saniona since 2022, and previously served as Vice President Finance & Site Manager Denmark since 2020, Interim CFO & Head of IR in 2020, Vice President Finance & Administration since 2016 and Consultant since 2014. Milland previously served as Vice President, Finance & Administration as well as Chief Financial Officer at NeuroSearch A/S. She is also a partner and owner of Jørgensen & Milland Search & Selection ApS.

Milland received her Bachelor of Commerce in Accounting from Niels Brock.

Milland holds 3,000 warrants in the warrant program 2018, 3,500 warrants in the warrant program 2019, 74,600 in the warrant program 2020 and 467,893 warrants in the warrant program 2022.

Milland holds 33,500 shares.

Karin Sandager Nielsen

Chief Scientific Officer

Karin Sandager Nielsen (born 1970) is a CNS pharmacologist with more than 20 years' experience in discovering and developing new pharmacological therapies for dysfunctions in the brain.

Sandager Nielsen was part of the group founding Saniona in 2011, where she initially served as Director of Operations and In Vivo Pharmacology. From 2015 she took on the role as Vice President, Operations and In Vivo Pharmacology and from 2022 she served as Senior Vice President, In Vivo and Translational Pharmacology. Prior to founding Saniona, Sandager Nielsen was employed at NeuroSearch, where she held several senior- and management roles within CNS pharmacology.

Sandager Nielsen is a biologist by training and holds a Ph.D in neuropharmacology from the university of Copenhagen. She has authored more than 20 peer-reviewed scientific articles and is co-inventor of 23 patents.

Sandager Nielsen holds 99,400 warrants in the warrant program 2020 and 211,119 shares.

Palle Christophersen

Executive Vice President, Research

Palle Christophersen (born 1958) is an ion channel physiologist and pharmacologist with more than 30 years of experience with drug discovery and development in the private industry.

Christophersen was a co-founder of Saniona in 2011 and served as CSO until 2019 and since then as Senior Vice President, Research. Prior to Saniona he was employed for 20 years in NeuroSearch, where he served in multiple managing and project leader positions for both internal and collaboration projects.

Christophersen is a biologist by training and holds a PhD in physiology and biophysics of ion channels from the University of Copenhagen. He has authored more than 65 peer-reviewed articles and is co-inventor of more the 60 patents, primarily within the ion channel field and related technology.

Christophersen holds 99,400 warrants in the warrant program 2020 and 740,000 shares.

Janus Schrieber Larsen

Chief Development Officer

Janus Schreiber Larsen (born 1972) is an organic chemist with more than 20 years' experience in drug discovery, developing new pharmacological therapies for dysfunctions in the brain.

Larsen was part of the group founding Saniona in 2011, where he initially served as Director of Medicinal Chemistry and IP. From 2015 he took on the role as Vice President, Medicinal Chemistry and IP and then from 2022 he served as Senior Vice President, Preclinical Development and Medicinal Chemistry. Prior to founding Saniona, Larsen was employed at NeuroSearch, where he held several senior- and management roles within Medicinal Chemistry.

Larsen is a chemist by training and holds a Ph.D. in organic chemistry from the University of Southern Denmark. He has authored 9 peer-reviewed scientific articles and is co-inventor of more than 35 patents.

Larsen holds 99,400 warrants in the warrant program 2020 and 287,337 shares.

AUDITORS' REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders in Saniona AB (publ), corporate identity number 556962-5345

Engagement and responsibility

It is the Board of Directors that is responsible for the Corporate Governance Statement for the fiscal year from January 1, 2022 through December 31, 2022 on pages 77-87 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinion

A corporate governance statement has been prepared. Disclosures in accordance with Chapter 6, Section 6, second paragraph, points 2-6 of the Annual Accounts Act and Chapter 7, Section 31, second paragraph of the same act are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Malmö, April 28, 2023
Deloitte AB

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Authorized Public Accountant

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